

What is a Fund?

A fund is an accounting means for recording various revenue generating activities and their related expenditures.

The preceding section described how the budget was prepared. This section provides a detailed description of the outcome of the policies outlined in the Fine Print.

FY 05/06 BIENNIAL BUDGET

The FY 05/06 Biennial Budget consists of two sections: the operating and grant/capital budgets. The operating budgets provide funding for the daily operations of the county such as police, fire, courts, libraries, and parks. The grant and capital budgets support grant funding for CDBG, HOME, and Supportive Housing Programs, and funds major capital projects such as of transportation improvements, wastewater treatment facilities and the county's recapitalization plan. The operating budgets total more than \$578 million and the capital and grant budgets total approximately \$58 million, for a combined FY 05 budget in excess of \$636 million.

For ease of discussion, the operating and grant/capital budgets are addressed separately in this section. Detailed information on the individual operating budgets is provided in the order shown in the table below. Detailed information on grant and capital budgets follows the individual operating budgets.

OPERATING BUDGETS

The FY 05/06 operating budgets are a combination of multiple operating funds. The operating budgets account for about 90.8% of the total FY 05 budget of \$636 million. The table below summarizes the Cobb County operating budget expenditures for FY 03 through FY 06.

<u>Operating Fund</u>	<u>FY 03 Actual</u>	<u>FY 04 Adopted</u>	<u>FY 05 Adopted</u>	<u>FY 06 Proposed</u>
General Fund	\$252,927,824	\$265,276,092	\$279,817,024	\$290,100,977
Claims	\$37,818,600	\$41,545,511	\$44,455,615	\$44,521,629
Compost	\$9,142,232	\$12,455,072	\$10,562,210	\$10,719,819
CSBG	\$443,351	\$393,829	\$275,671	\$275,671
Debt Service	\$41,513,421	\$8,208,289	\$8,130,690	\$8,100,211
E911	\$8,472,395	\$8,924,692	\$8,545,289	\$8,737,559
Fire	\$47,987,400	\$53,631,816	\$52,944,693	\$56,211,407
Golf Course	\$1,712,241	\$2,174,868	\$2,195,269	\$2,192,793
Grant-Child Support	\$924,845	\$1,021,132	\$942,835	\$974,878
Hotel/Motel Tax	\$3,021,223	\$2,900,000	\$3,106,088	\$3,313,638
Law Library	\$528,254	\$494,000	\$535,177	\$478,021
Mable House Amphitheatre	\$1,086,186	\$1,480,750	\$1,593,143	\$1,615,603
Parking Deck	\$443,551	\$451,423	\$472,442	\$472,442
Senior Services	\$4,365,322	\$4,924,241	\$4,816,894	\$4,936,567
Solid Waste	\$4,895,184	\$6,618,917	\$7,049,410	\$7,137,801
Transit	\$10,860,149	\$12,610,199	\$13,359,144	\$14,022,605
Water	\$120,717,626	\$131,768,740	\$139,384,708	\$141,765,466
Total	\$546,859,804	\$554,879,571	\$578,186,302	\$595,577,087

*The Bottom Line**Operating Budgets Summary*

The following table presents revenues and expenditures by category for all operating budgets combined. This information provides a four-year comparison of actual, adopted, and proposed budgets.

	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
REVENUES:				
General Property Taxes	\$182,785,426	\$203,177,702	\$209,704,152	\$221,639,880
Penalties & Interest	\$3,739,039	\$2,764,500	\$3,767,306	\$3,689,049
Other Taxes	\$32,196,513	\$29,592,227	\$32,412,276	\$33,275,014
Licenses & Permits	\$18,076,185	\$17,492,241	\$18,620,758	\$18,641,901
Intergovernmental Revenue	\$19,477,314	\$8,078,699	\$8,802,066	\$9,161,181
Charges for County Services	\$192,461,357	\$188,808,596	\$199,602,537	\$202,538,507
Fines & Forfeitures	\$16,806,109	\$15,070,699	\$17,668,873	\$18,311,991
Miscellaneous Revenue	\$3,118,813	\$17,053,719	\$12,952,923	\$13,209,808
Other Financing Sources	\$102,327,524	\$72,841,188	\$74,655,411	\$75,109,756
TOTAL REVENUES	\$570,988,280	\$554,879,571	\$578,186,302	\$595,577,087
EXPENDITURES:				
Personal Services	\$230,793,077	\$243,229,006	\$255,273,515	\$263,689,796
Operating	\$258,024,339	\$273,475,254	\$278,094,991	\$286,641,935
Debt Service	\$49,451,079	\$19,314,563	\$21,328,825	\$20,946,185
Capital Outlay	\$8,591,309	\$6,820,507	\$7,570,890	\$5,998,883
Contingency	\$0	\$12,032,894	\$15,918,081	\$18,300,288
Fund Balance	\$0	\$7,347	\$0	\$0
TOTAL EXPENDITURES	\$546,859,804	\$554,879,571	\$578,186,302	\$595,577,087

The Bottom Line

Operating Budgets Summary

The table below consolidates the FY 05 operating budgets into the major fund types and presents revenues and expenditures by category. Following the table is a listing which itemizes the operating budgets included in each fund type.

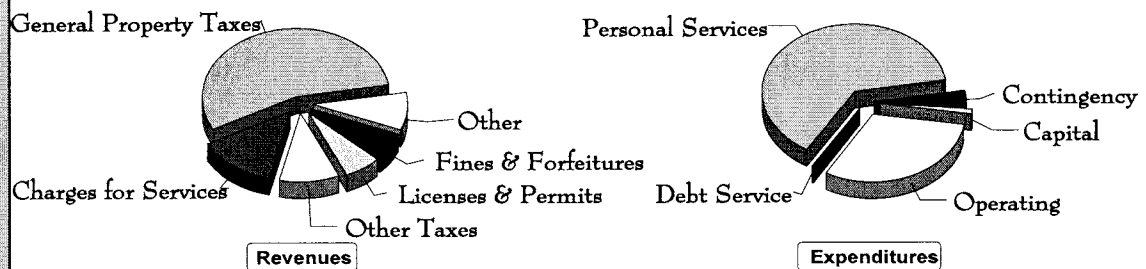
	Enterprise Funds	Fiduciary Funds	Governmental Funds	Proprietary Funds	Special Revenue Funds	Total All Funds
FY 05 REVENUES:						
General Property Taxes	\$0	\$0	\$158,580,588	\$0	\$51,123,564	\$209,704,152
Penalties & Interest	\$0	\$0	\$3,648,481	\$0	\$118,825	\$3,767,306
Other Taxes	\$47,677	\$0	\$28,875,699	\$0	\$3,488,900	\$32,412,276
Licenses & Permits	\$0	\$0	\$18,619,258	\$0	\$1,500	\$18,620,758
Intergovernmental	\$3,251,529	\$942,835	\$3,286,753	\$0	\$1,320,949	\$8,802,066
Charges for Services	\$150,949,858	\$0	\$38,595,016	\$0	\$10,057,663	\$199,602,537
Fines & Forfeitures	\$0	\$0	\$17,198,873	\$0	\$470,000	\$17,668,873
Miscellaneous	\$11,123,235	\$0	\$1,449,948	\$45,000	\$334,740	\$12,952,923
Other Financing	\$8,771,585	\$0	\$17,693,098	\$44,410,615	\$3,780,113	\$74,655,411
TOTAL	\$174,143,884	\$942,835	\$287,947,714	\$44,455,615	\$70,696,254	\$578,186,302
FY 05 EXPENDITURES:						
Personal Services	\$25,265,030	\$913,248	\$178,569,140	\$364,452	\$50,161,645	\$255,273,515
Operating	\$131,555,646	\$29,587	\$86,370,136	\$44,078,670	\$16,060,952	\$278,094,991
Debt Service	\$11,335,975	\$0	\$9,029,761	\$0	\$963,089	\$21,328,825
Capital	\$3,311,418	\$0	\$3,507,349	\$3,500	\$748,623	\$7,570,890
Contingency	\$2,675,815	\$0	\$10,471,328	\$8,993	\$2,761,945	\$15,918,081
TOTAL	\$174,143,884	\$942,835	\$287,947,714	\$44,455,615	\$70,696,254	\$578,186,302

<u>Enterprise</u>	<u>Fiduciary</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Special Revenue</u>
Compost	Child Support	Debt Service	Casualty/Liability	CSBG
Golf Course		General Fund	Medical/Dental	E911
Mable House			Workers Comp	Fire
Solid Waste				Hotel/Motel Tax
Transit				Law Library
Water				Parking Deck
				Senior Services

An explanation of the factors that impacted each of the FY 05/06 operating budgets follows.

FUND STRUCTURE

The General Fund is a Governmental Fund which contains the operating budgets for departments that provide general purpose government services to the citizens of Cobb County. This fund includes the budgets for a myriad of county services including police, sheriff, library, parks, and road maintenance. The primary revenue category, General Property Taxes, makes up 55% of the total budgeted revenue for FY 05/06. The Personal Services component of the budget, which consists of employee salaries and benefits, is almost 64% of the total budgeted expenditures for the two-year period.

FY 05/06 Sources & Uses of Funds**ISSUES & TRENDS**

The General Fund is the county's largest operating fund and contains the budgets for most of the county's departments and agencies. The FY 05/06 General Fund Biennial Budget reflects a modest average annual increase of 4.6% (for the two years) over the prior year's adopted budget. Although the FY 05 Adopted Budget reflects an increase of \$14.5 Million (or 5.5%) over the FY 04 Adopted Budget, the Proposed Budget for FY 06 only increases over FY 05 by 3.7%, or \$10.3 million.

Within the expenditure categories of the General Fund, the Personal Services budget increases \$10.8 million in FY 05, and \$6.1 million in FY 06. These reflect increases of 6.4% and 3.4%, respectively. These increases are caused by the full year impact of FY 04 merit pay, new positions, reclassifications, and the increased costs of benefits.

The Contingency category increases by \$3.1 million in FY 05, and \$1.3 million in FY 06. The FY 05/06 Contingency budget contains funding for personnel improvements in these departments: 800 MHz; Community Development; Communications; Clerk of State Court; Clerk of Superior Court; Juvenile Court; Parks, Recreation, & Cultural Affairs; Police; Property Management; Purchasing/Fleet Management; Sheriff's Office; Solicitor's Office; Solicitor Victim Witness; State Court; Superior Court; and the Tax Assessor. A large portion of these improvements were approved to meet the increased judicial needs of the county, as well as to support the new State Court judgeships in FY 05 and FY 06.

The FY 05/06 Contingency budget includes additional funding for the full year impact of several new programs and facilities at the Parks & Recreation Department including the Wright Nature Center, Silver Comet Trail, South Cobb Aquatic Center, and the leased U.S. Army Corps of Engineers Property.

*The Bottom Line**General Fund*

In FY 06 nine (9) positions previously funded through the Community Oriented Policing Services (COPS) grant will transfer to the Police Department's budget as they expire. The grant positions expire May 9, 2006 through September 15, 2006.

Together, the overall Operating, Debt Service and Capital categories within the General Fund increase by only \$0.6 million in FY 05, and increase by \$2.9 million in FY 06. Overall, this reflects a very modest average annual increase of less than 2% (for the two year period) over the prior year's adopted budget for these three expense categories. Restraining the growth in these categories has helped to offset the larger increases in Personal Services and Contingency.

REVENUE & EXPENDITURE SUMMARY

The following table is a five-year presentation of revenues and expenditures by category for the General Fund.

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
General Property Taxes	\$124,659,398	\$129,809,833	\$144,832,655	\$152,814,725	\$161,162,158
Penalties & Interest	\$2,930,471	\$3,584,847	\$2,684,500	\$3,630,481	\$3,552,224
Other Taxes	\$24,189,458	\$28,366,759	\$26,135,815	\$28,875,699	\$29,530,887
Licenses & Permits	\$17,714,856	\$18,073,485	\$17,490,841	\$18,619,258	\$18,640,301
Intergovernmental	\$10,937,666	\$11,573,438	\$2,162,337	\$3,286,753	\$3,495,280
Charges for Services	\$40,963,243	\$44,892,452	\$38,459,961	\$38,395,016	\$38,835,229
Fines & Forfeitures	\$14,360,310	\$14,902,452	\$13,286,699	\$15,895,125	\$16,538,243
Miscellaneous	\$1,817,520	\$1,536,504	\$894,543	\$1,312,624	\$1,312,624
Other Financing	\$18,007,003	\$23,955,782	\$19,328,741	\$16,987,343	\$17,034,031
TOTAL	\$255,579,925	\$276,695,552	\$265,276,092	\$279,817,024	\$290,100,977
Expenditure Category					
Personal Services	\$148,098,684	\$160,606,754	\$167,771,117	\$178,569,140	\$184,620,318
Operating	\$88,195,996	\$86,789,111	\$85,705,532	\$86,364,375	\$89,516,312
Debt Service	\$1,306,724	\$1,054,898	\$1,713,760	\$904,832	\$1,182,907
Capital	\$4,651,022	\$4,477,061	\$2,710,435	\$3,507,349	\$2,973,576
Contingency	\$0	\$0	\$7,367,901	\$10,471,328	\$11,807,864
Fund Balance Reserve	\$0	\$0	\$7,347	\$0	\$0
TOTAL	\$242,252,426	\$252,927,824	\$265,276,092	\$279,817,024	\$290,100,977

A comparison of all General Fund department expenditure budgets follows.

Department	FY 04	FY 05	FY 06
	Adopted	Adopted	Proposed
800 MHz Radio	\$1,464,278	\$1,118,155	\$1,108,883
Animal Control	\$1,955,937	\$1,929,864	\$1,965,454
Bd. of Commissioners	\$711,082	\$805,639	\$833,351
Budget & Inter. Audit	\$717,414	\$673,138	\$696,330
Business License	\$621,039	\$675,656	\$687,251
Circuit Defender	\$3,395,454	\$4,820,814	\$4,797,216
Clerk of State Court	\$3,273,689	\$3,404,240	\$3,499,394
Clerk of Superior Ct.	\$4,171,776	\$4,322,364	\$4,452,852
Code Enforcement	\$524,061	\$562,384	\$577,397
Communications	\$952,081	\$986,740	\$1,007,072
Community Dev.-	\$425,409	\$449,358	\$462,941
County Clerk	\$283,023	\$304,316	\$313,413
County Manager	\$553,258	\$602,935	\$623,940
Dept of Transportation	\$16,702,496	\$17,254,275	\$17,631,351
Development & Inspect.	\$3,347,846	\$3,438,724	\$3,540,292
District Attorney	\$4,389,713	\$5,250,636	\$5,395,360
Drug Treatment Educ.	\$383,661	\$534,671	\$553,368
Economic Development	\$231,978	\$259,260	\$259,557
Elections & Registration	\$3,230,507	\$2,851,238	\$3,165,519
Erosion Control	\$344,985	\$357,463	\$368,281
Ethics Board	\$1,130	\$1,130	\$1,130
Extension Service	\$473,811	\$460,154	\$472,017
Finance	\$2,295,183	\$2,348,081	\$2,422,491
Fleet Management	\$3,181,338	\$3,577,066	\$3,564,327
General Fund Admin.	\$25,319,570	\$19,911,645	\$22,354,864
General Fund Contin.	\$6,457,150	\$9,831,400	\$11,222,624
GIS- Mapping	\$111,678	\$123,310	\$136,647
Govt. Service Centers	\$2,119,244	\$2,037,318	\$2,149,601
Human Resources	\$1,890,440	\$1,941,562	\$1,995,498
Information Services	\$10,967,542	\$11,557,987	\$12,249,991
Juvenile Court	\$3,748,548	\$3,832,969	\$3,968,055
Law Department	\$1,694,778	\$1,693,249	\$1,737,722
Library	\$9,698,964	\$9,813,280	\$9,942,725
Magistrate Court	\$2,687,854	\$2,711,880	\$2,775,955
Medical Examiner	\$843,625	\$890,219	\$906,284
Other Govtl/Non-Profit	\$7,281,636	\$7,700,889	\$7,736,352
Parks, Rec & Cult. Affs	\$15,981,622	\$16,645,266	\$16,762,499
Planning	\$368,132	\$362,391	\$374,362

Department	FY 04	FY 05	FY 06
	Adopted	Adopted	Proposed
Police	\$39,983,022	\$43,464,172	\$44,826,596
Probate Court	\$890,306	\$902,347	\$929,170
Property Management	\$7,155,060	\$7,725,261	\$7,753,129
Public Safety-Admin	\$1,180,758	\$1,284,417	\$1,287,795
Public Safety Training	\$1,553,651	\$1,691,028	\$1,656,124
Public Services-Admin	\$204,631	\$188,189	\$194,957
Purchasing	\$785,153	\$985,444	\$991,465
Records Management	\$1,274,333	\$1,273,651	\$1,423,037
Sheriff	\$45,391,070	\$49,504,331	\$50,780,359
Solicitor	\$3,133,126	\$3,340,538	\$3,473,001
State Court	\$4,496,906	\$4,789,551	\$4,951,488
Superior Court	\$4,203,579	\$4,264,549	\$4,396,788
Support Service-Admin	\$217,758	\$255,746	\$263,226
Tax Assessor	\$4,137,309	\$5,141,969	\$5,269,767
Tax Commissioner	\$4,991,648	\$5,261,898	\$5,414,426
Vehicle Acquisition	\$2,277,701	\$2,368,250	\$2,401,300
Zoning	\$598,149	\$622,878	\$639,301
District Attorney 5%	N/A	\$399,984	\$414,275
Solicitor 5%	N/A	\$311,155	\$322,407
TOTAL	\$265,276,092	\$279,817,024	\$290,100,977

SOURCES OF REVENUE

The General Fund collects many sources of revenue from library fines to gifts and grants. These numerous revenue sources are grouped into larger revenue categories as shown in the previous table. A brief explanation of these revenue categories follows:

General Property Taxes: This category includes revenue from taxes on real and personal property; taxes on motor vehicles and mobile homes; intangible tax; railroad equipment car tax; and the timber tax. The real and personal property tax digest is comprised of residential, commercial, agricultural, industrial, and public utilities.

Penalties and Interest: This category includes revenue for penalties on delinquent taxes, motor vehicle license tags, business license renewals; penalties for sign violations; interest on delinquent taxes and business license renewals; and filing fees for delinquent tax Fi Fa's (Fieri Facias) and tax liens.

Other Taxes: This category includes revenue from the following taxes: beer, wine, liquor, cable TV, insurance premiums, intangible recording, and real estate transfers.

Licenses and Permits: This category includes revenue for inspection and building permits, alcoholic beverage licenses, business licenses, and other miscellaneous licenses and permits such as for marriage, signs, fuel tanks, blasting, pistols, house moving, and land use/zoning.

Intergovernmental: This category includes revenue from federal, state and local governments or agencies. Also included is revenue from the two Community Improvement Districts (CID) and the Cobb Chamber of Commerce.

Charges for Services: This category includes revenue from a vast array of fees and commissions charged to users of specific county services. Some examples are fees for parking, fingerprinting, animal shelter, divorcing parents seminar, election qualifying, drug testing, deed recording, recreation admission, parks/recreation rental, tournament/league play, and the street light districts. Additionally, included are commissions for the tax collection on behalf of the Cobb Board of Education, the Cobb municipalities, and the State of Georgia. The Administrative Services fee, a major revenue source, is also accounted for here. The General Fund collects this fee from other county operating and capital funds to the extent to which the departments in the General Fund provide administrative support to these other funds.

Fines and Forfeitures: This category includes revenue from court fines, library fines, bond forfeitures, parking violation fines and other miscellaneous fines/forfeitures. Also included are surcharges on fines as mandated or authorized by Georgia law for such things as the Drug Treatment and Education Program, the Victim Assistance Program, and the county's jail staffing and construction.

Miscellaneous: This category includes revenue from interest earnings, earned discounts, and the rentals, concessions and royalties from the use of county property.

Other Financing: This category includes revenue from various sources including: interfund transfers; proceeds from loans, bonds, capital leases and refunded debt; developer contributions (to share in costs of infrastructure modifications); gifts and donations; insurance recoveries; the sale of maps, books, copies, unclaimed evidence, and surplus county property. This category also includes the appropriations of fund balance, both designated and undesignated.

THE TOP FIVE SOURCES

The five largest sources of General Fund revenue account for more than 69% of all General Fund revenue budgeted in FY 05/06. Real and Personal Property Taxes, Motor Vehicle Tax, Insurance Premium Tax, Business License Fees, and Administrative Service Fees are traditionally the five largest sources of General Fund revenue.

Real and Personal Property Taxes. This source represents almost 92% of FY 05/06 total budgeted revenues in the General Property Taxes category. Growth in the net taxable digest increases property tax revenue. In recent years, about 50% of the annual growth in the residential digest has come from new construction, and the other 50% from increased property valuations. For commercial properties, the annual growth ratio is about 30% new construction and 70% revaluation. Property value assessments are performed annually across the county, with the typical cycle for most revaluation being every three years. State law mandates Cobb's gross assessments be maintained within at least 90% of current fair market values per property type. About one-third of all residential property will be revalued in each of 2005 and 2006.

Consistent digest growth has permitted steady drops in the property tax millage rates of the county's three tax earning funds. The FY 03/04 rate of 6.85 has been maintained through the FY 05/06 biennial budget. The table that follows outlines the most recent ten year history of General Fund Property Tax Millage.

Millage Rate Reduction History

The combined (General, Fire & Debt Service Funds) property tax millage rate of 9.72 remains at its lowest rate in over ten years, as shown in the following table. The 2004 General Fund millage is 0.40 mills lower than that of 1995.

General Fund-Property Tax	
Year	Millage Rate
1995	7.25
1996	7.02
1997	6.87
1998	6.57
1999	6.57
2000	6.57
2001	6.57
2002	6.80
2003	6.85
2004	6.85

Since 2001, there have been two millage reallocations from the Debt Service Fund to the General Fund. Although the combined three fund millage remained steady at 9.72 mills, the reallocation actually reduced the overall taxes paid by Cobb taxpayers because the General Fund carries both the standard \$10,000 and the new fluctuating Homestead Exemptions.

The FY 05 property tax revenues assume 5% growth in the tax digest and a millage rate of 6.85. The FY 06 property tax revenues assume the same 5% tax digest growth and 6.85 millage rate. By assuming a constant millage rate of 6.85, minimal growth in property tax collections is projected for FY 05/06.

The projected growth in tax revenues from the residential digest is reduced from years prior to 2001, because of Cobb's 'floating' Homestead Exemption currently in effect for the General Fund only. This exemption floats upward to exactly match the increased property assessments on homesteaded property (that doesn't change owners). This curtails any future revenue growth from "homesteaded" residential property reassessments for current owners. Generally, about half of the annual growth in the residential property tax digest comes from revaluations. The table below provides a history of property tax revenue.

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$116,255,199	\$131,564,378	\$139,826,031	\$148,173,464

Motor Vehicle Tax. This source represents 8.2% of FY 05/06 total budgeted revenues in the General Property Taxes category. Since FY 01, the value of the taxable digest has grow on average about 5% per year. Since 2002 state legislation (GA House Bill 1224) requires motor vehicle appraisal values to be set by averaging the wholesale and retail value of the vehicle. This change, that essentially lowers the value of the digest, was phased in during the FY 03/04 period. FY 03 values were set

at 75% of the retail and 25% of the wholesale. FY 04 values were 50% retail and 50% wholesale, as it will be for FY 05 and beyond. The FY 05 motor vehicle tax digest assumes a very small decrease below the FY 04 adopted budget and then no change from FY 05 to FY 06. These FY 05/06 budgets are based on the latest projections for FY 04 actual revenues, which will be slightly less than adopted. It is also assumed that the current millage rate of 6.85 will be maintained. The following table provides a history of motor vehicle tax revenue:

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$13,365,603	\$13,133,644	\$12,868,825	\$12,868,825

Insurance Premium Tax. This source represents 64.9% of FY 05/06 total budgeted revenues in the Other Taxes category. The insurance premium tax is collected by the State Tax Commissioner from insurance companies conducting business in the State of Georgia. The tax is calculated at 1% of the gross direct premium for life insurance, and 2.5% for all other insurance types. Funds are distributed to the county based on the population of unincorporated areas of Cobb, while the six municipalities located within the county receive distributions from the state based on their municipal populations. Therefore, revenue growth reflects the increase in Cobb's population in the unincorporated areas of the county only.

From 1992 to 2004, the annual rate of increases in insurance premium tax revenues has varied from a high of 9% to a low of 1%. The rates of increase have correlated with the general economic conditions in the region. The FY 04 actual revenue is now projected to be about 7% higher than FY 03 actual. The FY 05/06 budgets assume that the revenue growth for FY 05 to be 7% and almost 4% for FY 06. The table below provides a history of insurance premium tax revenue:

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$16,180,639	\$16,480,639	\$18,585,590	\$19,314,778

Business License Fees. This source represents 64.3% of FY 05/06 total budgeted revenues in the Licenses and Permits category. According to state law, localities may assess fees on the basis of number of employees, profitability, or gross receipts. The fee for a Cobb County business license is determined based on gross receipts. Annual rates of growth in business license revenue have recently varied from a high of 4% to a low of less than 1%. Latest projections for FY 04 actual revenue have it increasing by about 3.3% over FY 03 actual. The FY 05 budget assumes no growth, and the assumed growth in FY 06 is less than 1%.

The variations in annual revenue growth rates are largely a result of active Business License efforts to identify businesses that appear to be avoiding compliance with business license requirements. These successes appear as large single year revenue increases. Recently, county staff had success identifying rental properties in prime locations which were not paying business license fees. Those firms were targeted because of the amount of revenue they represented. Now that those companies have been identified and license fees are being collected, the large revenue growth is followed by a period of low or no growth. The major reason for the overall decline in the rate of growth in business license revenue is that many small businesses appear to be moving to residential areas, making identification and enforcement more difficult.

The table below provides a history of business license revenue:

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$11,575,197	\$12,000,000	\$11,952,755	\$12,000,000

Administrative Service Fees. This source represents 25.4% of FY 05/06 total budgeted revenues in the Charges for Services category. Administrative service fees represent an indirect cost allocation imposed on those funds that receive services from the General Fund, but do not directly support the General Fund. The fee is a General Fund cost recovery for accounting, payables, human resources, budgeting, purchasing, and other services provided by the General Fund to these other funds. The fee charged to each fund is determined by the services consumed by each fund. The allocation of fees is calculated by an annual comprehensive countywide indirect cost study which is conducted by contracted outside consultants. The table below provides a history of administrative service fees:

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$10,247,156	\$9,784,944	\$9,658,598	\$9,950,702

THE NEXT TOP TEN SOURCES

The next top ten largest sources of General Fund revenue account for more than 20% of all General Fund revenue budgeted in FY 05/06. These ten sources are: Other Fines & Forfeitures; Interfund Transfers; Commission on Board of Education Tax Collection; Street Light District Fees; Cable TV Franchise Tax; Beer Wholesalers Excise Tax; Deed Recording Fees; Intangible Recording Fees; Penalties on Delinquent Taxes; and Court Cost Fees from civil litigation.

DEBT SUMMARY

Debt Service is less than 0.4% of the total FY 05/06 General Fund budget. The Tax Anticipation Notes (TAN's) borrowing does not exceed 75% of the total tax income collected in the calendar year. The TAN's borrowing is much less than 1% of the tax revenue. The table below summarizes the General Fund debt service for FY 05/06:

Description	FY 05	FY 06
Tax Anticipation Notes-Interest Expense	\$718,300	\$996,375
Records Management-Lease Payments	\$186,532	\$186,532
Total General Fund Debt Service	\$904,832	\$1,182,907

Tax Anticipation Notes (TANs) Interest Expense. TANs are notes issued, normally in April, in anticipation of future property tax revenues received in September, October and November. The General Fund shares the cost of projected interest expense related to TANs with the Fire Fund.

Records Management. Capital lease, January 2004 to December 2008, for the Print Shop's high capacity copiers: two (2) Xerox Network Doc-U-Tech 6135 black & white, and one (1) Xerox model 5252 Color.

FUND BALANCE SUMMARY

The following table is a presentation of a five year history of beginning and ending fund balances. The more detailed information on revenues and expenditures by category can be found in the Revenue and Expenditure Summary table. Variances between the FY 02/03 actual amounts shown on the Fund Balance Summary table and those shown on the Revenue and Expenditure Summary Table are due to auditor reclassifications and adjustments to the financial statements.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$31,144,096	\$44,455,173	\$68,222,628	\$45,520,779	\$45,520,779
Revenues	\$255,563,503	\$276,695,551	\$279,333,709	\$279,817,024	\$290,100,977
Expenditures	\$242,252,426	\$252,928,096	\$302,035,558	\$279,817,024	\$290,100,977
Ending Balance*	\$44,455,173	\$68,222,628	\$45,520,779	\$45,520,779	\$45,520,779
Designated/Reserved	\$11,985,452	\$14,244,704	\$15,000,000	\$15,000,000	\$15,000,000
Undesignated	\$32,469,721	\$53,977,924	\$30,520,779	\$30,520,779	\$30,520,779

*County policy requires a minimum fund balance reserve to be maintained equal to 1/10th of the annual appropriated budget. This reserve amount is included in the ending balance figures shown above.

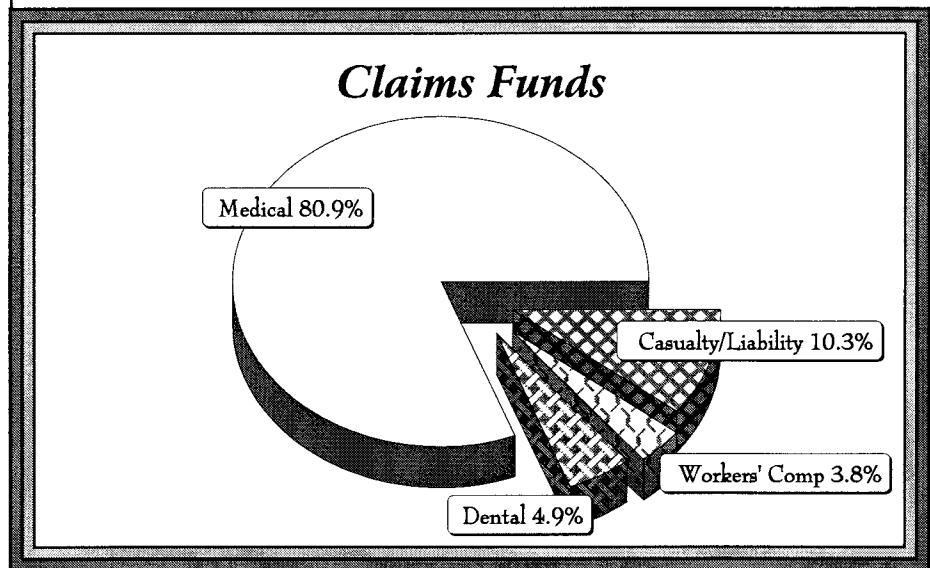
BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Claims Funds are Proprietary Funds used to account for the financial activity associated with the county's Medical/Dental, Workers' Compensation and Casualty/Liability Funds.



The activities of these funds are supported primarily by internal service charges to other funds. The Medical/Dental and Workers' Comp Funds are responsible for ensuring funding required for related benefits. The Casualty/Liability Fund is responsible for paying all casualty and liability claims which may be brought against the County.

ISSUES & TRENDS

Since FY 00, several outside entities have joined the Cobb County Health Plan. These entities include the City of Smyrna, the City of Austell, the Cobb-Marietta Coliseum and Exhibit Hall Authority and the City of Powder Springs. Effective December 1, 2004, the City of Powder Springs will terminate their participation in the Cobb County Health Plan. This arrangement is financially rewarding for all entities because a larger employee base provides deeper discounts. Cobb County, along with the nation, experienced some of the largest increases in claims cost in FY 03 since the 1980's. New drug costs and medical costs from providers are driving the rise in medical costs. The largest single item increase was in the use of prescription drugs. In an effort to combat these rising costs, Cobb County has made several changes for FY 05. These changes include:

- ▶ Increased employee premiums for the PPO Plan
- ▶ Strengthened language to enforce the dropping of ineligible dependants
- ▶ Continued to provide more efforts in wellness program

Due to the benefits pay out cap of \$1,000 from our Dental Plan, the dental claims costs have remained consistent therefore no increases were planned for FY05.

During the FY04 session the state legislature adopted to terminate the subsequent injury trust fund by 2008. This trust fund pays for the treatment of second injuries of the same body part. Cobb County regularly receives reimbursement from the state for claims resulting from subsequent injuries. The termination of this trust will

reduce revenue received in proportion to the pay out for subsequent injury claims.

During FY 04 session, the state legislature also adopted to limit sovereign immunity for vehicle accidents only. This new legislation has a potential to increase legal fees and claim costs.

SOURCES OF REVENUE

More than 97% of the Claims Funds revenue is comprised of payments received from all operating funds. Each operating fund makes payments to the Claims Funds for medical, dental, workers' comp, and casualty/liability coverage. The costs for the various benefit plans are competitively bid and contracted accordingly.

REVENUE & EXPENSE SUMMARY

The following tables are presentations of revenues and expenses by category for each of the Claims Funds. This information provides a five year comparison of actual, adopted and proposed budgets for each fund.

Medical & Dental Benefit Fund:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Charges for Services	\$2,616	\$3,652	\$0	\$0	\$0
Miscellaneous	\$96,282	\$23,342	\$10,000	\$0	\$0
Other Financing	\$23,782,634	\$29,496,287	\$35,993,723	\$38,166,092	\$38,166,092
TOTAL	\$23,881,532	\$29,523,281	\$36,003,723	\$38,166,092	\$38,166,092
Expense Category					
Operating	\$28,399,445	\$32,610,644	\$36,003,723	\$38,166,092	\$38,166,092
TOTAL	\$28,399,445	\$32,610,644	\$36,003,723	\$38,166,092	\$38,166,092

Workers' Comp Fund:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Miscellaneous	\$43,115	\$12,541	\$10,800	\$5,000	\$5,000
Other Financing	\$1,223,245	\$1,202,430	\$1,501,823	\$1,694,603	\$1,760,617
TOTAL	\$1,266,360	\$1,214,971	\$1,512,623	\$1,699,603	\$1,765,617
Expense Category					
Operating	\$1,627,284	\$1,674,297	\$1,512,623	\$1,699,603	\$1,765,617
TOTAL	\$1,627,284	\$1,674,297	\$1,512,623	\$1,699,603	\$1,765,617

Casualty & Liability Claims Fund:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Miscellaneous	\$56,283	\$70,615	\$40,000	\$40,000	\$40,000
Other Financing	\$3,796,050	\$4,224,884	\$3,989,165	\$4,549,920	\$4,549,920
TOTAL	\$3,852,333	\$4,295,499	\$4,029,165	\$4,589,920	\$4,589,920
Expense Category					
Personal Services	\$319,536	\$319,865	\$349,380	\$364,452	\$377,824
Operating	\$2,383,388	\$3,213,794	\$3,671,395	\$4,212,975	\$4,202,743
Capital	\$50,612	\$0	\$0	\$3,500	\$0
Contingency	\$0	\$0	\$8,390	\$8,993	\$9,353
TOTAL	\$2,753,536	\$3,533,659	\$4,029,165	\$4,589,920	\$4,589,920

BUDGET BASIS

The accrual basis of accounting is used to prepare budgets for proprietary and fiduciary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenses for the next fiscal year.

Did You Know?

General obligation bonds are backed by the full faith and credit of the taxpayers and must have voter approval before issuance is allowed.

FUND STRUCTURE

The Debt Service Fund is a governmental fund established to account for the county's general obligation bond tax rate levied against real and personal property. General obligation bonds are primarily used to finance Capital Improvement Projects for general governmental activities and/or public purposes such as: public buildings, parks, judicial facilities, jails, etc. Debt Service revenues are dependent upon the tax digest and millage rate. Expenditures, however, are determined by the level of debt incurred by the county for general obligation purposes.

ISSUES & TRENDS

All General Obligation bonds and the Recreation Authority Refunding bond are paid from the Debt Service Fund. All the Revenue bonds are paid from their respective funds. Currently, Cobb County has two outstanding general obligation bond issues totaling over \$50 million. Additionally, the Recreation Authority Refinancing is found in this fund. Bond payments will continue in FY 05/06 and beyond on the 1997 Recreation Authority Refunding, the 1996 Parks and Recreation Bond and the 2003 Refunding, which combined the 1993 Pretrial Detention Facility and Animal Control Facility Bonds.

REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the Debt Service Fund. This information provides a five year comparison of actual, adopted, and proposed budgets.

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
General Property Taxes	\$6,902,585	\$4,705,737	\$5,343,831	\$5,765,863	\$6,081,644
Penalties & Interest	\$18,814	\$24,502	\$20,000	\$18,000	\$18,000
Other Taxes	\$0	\$14,174	\$0	\$0	\$0
Charges for Services	\$417,908	\$492,038	\$370,000	\$200,000	\$200,000
Fines & Forfeitures	\$1,378,181	\$1,399,240	\$1,300,000	\$1,303,748	\$1,303,748
Miscellaneous	\$201,518	\$183,917	\$150,000	\$137,324	\$137,324
Other Financing	\$1,779	\$34,219,962	\$1,024,458	\$705,755	\$359,495
TOTAL	\$8,920,785	\$41,039,570	\$8,208,289	\$8,130,690	\$8,100,211
Expenditure Category					
Operating	\$289,758	\$304,093	\$157,076	\$5,761	\$5,862
Debt Service	\$7,922,775	\$41,209,328	\$8,051,213	\$8,124,929	\$8,094,349
Contingency	\$0	\$0	\$0	\$0	\$0
TOTAL	\$8,212,533	\$41,513,421	\$8,208,289	\$8,130,690	\$8,100,211

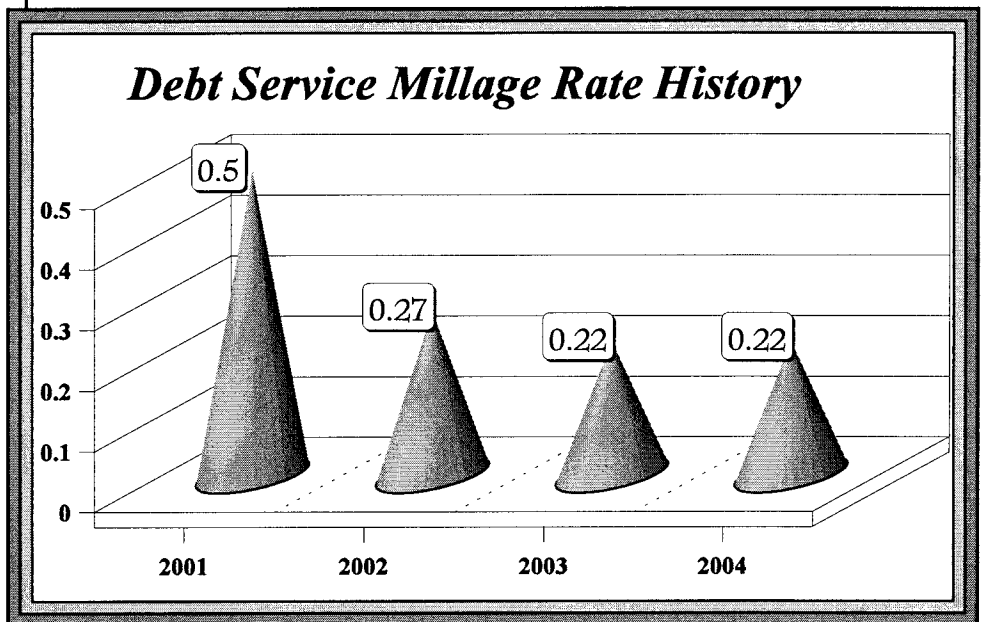
Believe it or Not!

Cobb County is one of only a few counties in the country to have the Triple-Triple A credit rating. In order to achieve this distinction, a county must receive a Triple A credit rating from each of the three premier rating agencies.

SOURCES OF REVENUE

A portion of the county millage is dedicated to funding Debt Service, therefore, the two largest sources of revenue for the Debt Service Fund are property taxes and motor vehicle taxes. These two sources combined account for more than 89% of the total Debt Service Fund revenue.

Property Tax. Though the gross tax digest has grown 27.1% since 2001, the debt service revenue from property tax has decreased due to a reduction in the Debt Service millage rate. In 2003, the Board of Commissioners approved a 18.5% reduction in the County millage rate, lowering the Debt Service millage from .27 to .22 mills.



Motor Vehicle Tax. Motor vehicle tax is collected based on ownership of the vehicle as of the birth date of the owner. Since 1993, the value of the taxable digest has steadily increased, but the decrease of the Debt Service millage rate in 2003 has caused a decrease in Motor Vehicle Tax revenue.

DEBT SUMMARY

Cobb County holds a Triple-Triple A credit rating for its General Obligation Bonds from Moody's Investors Services, Fitch Investors, and Standard and Poor's. Moody's selected Cobb as the first county in its eight-state southeastern region to achieve the Aaa (Triple A) rating citing Cobb's sound financial management, strong economy, low debt burden, and conservative leadership. The other rating firms noted Cobb's vital economic base, long-term capital plan, and strong financial controls as reasons for awarding the top rating. This high credit rating results in lower interest rates on general obligation bonds.

Below is the schedule of payments for each outstanding general obligation bond. Payments include principal and interest.

	Animal Control/ Pretrial Detention	Parks & Recreation	Total
FY 05	\$5,433,075	\$2,358,606	\$7,791,681
FY 06	\$5,397,625	\$2,355,856	\$7,753,481
FY 07	\$5,337,938	\$2,350,106	\$7,688,044
FY 08	\$5,313,313	\$2,341,356	\$7,654,669
FY 09	\$5,283,000	\$2,339,231	\$7,622,231
FY 10	\$5,285,250	\$2,338,419	\$7,623,669
FY 11		\$2,333,856	\$2,333,856
FY 12		\$2,335,169	\$2,335,169
FY 13		\$2,332,231	\$2,332,231
FY 14		\$2,334,669	\$2,334,669
FY 15		\$2,337,169	\$2,337,169
FY 16		\$2,337,531	\$2,337,531
FY 17		\$2,341,511	\$2,341,511
Total	\$32,050,201	\$30,435,710	\$62,485,911

A description of the three outstanding general obligation bond issues is shown below:

2003 Combined Refunding of the 1993 Animal Control Facility and Pretrial Detention Facility - (\$28,040,000 principal outstanding)

1993 Animal Control Facility. Bonds in the amount of \$2,340,000 were issued in 1993 to build a new Animal Control Complex. The facility was fully operational in FY 99 and debt payments will end January, 2010.

1993 Pretrial Detention Facility. Bonds in the amount of \$39,225,000 were issued during 1993, with debt payments complete in January, 2010. The purpose of the bonds was to enhance and expand the Sheriff's Adult Detention Facility to meet Cobb County's needs into the next century. The first phase of the expansion was completed in March of 1997. In 1999, additional space was operational with 21 new positions required to effectively manage the increase in detainee population. Payment for this debt will end in FY 2010.

1996 Parks and Recreation (\$22,505,000 principal outstanding). Bonds in the amount of \$30,000,000 were issued in 1996 to acquire, construct, develop, improve, and equip additional park and recreation areas and facilities. Debt payments for these bonds will end during FY 2017.

A schedule of payments and description for the 1997 Recreation Authority Refunding is shown below. Payments include principal and interest.

Recreation Authority Refunding	
FY 05	\$110,798
FY 06	\$106,210
FY 07	\$111,265
Total	\$328,273

1997 Recreation Authority Refunding (\$310,000 principal outstanding). In 1997, the Recreation Authority issued Revenue Bonds in the amount of \$890,000 for the 1989 Arts Center Bond. The lower interest rates at the time allowed the county to refinance its debt and resulted in less overall debt. The debt payments for these refunding bonds will end in FY 07.

Legal Tid-Bit!

Georgia law requires that the total amount of any county's general obligation debt incurred shall never exceed 10% of the total assessed value of all taxable property in the county. This is referred to as the Legal Debt Limit.



This 10% of assessed value, minus the dollar amount of general obligation bonds outstanding, is classified as a government's legal debt margin. The computation of Cobb's legal debt margin follows:

Assessed Value of Taxable Property for Debt Service	\$24,915,778,371
Debt Limit: 10% of Assessed Value	\$2,491,577,837
Less General Obligation Bonds Outstanding	\$50,545,000
Legal Debt Margin	\$2,441,032,837

Cobb County is currently utilizing only 2% of its debt limit with outstanding general obligation bonds totaling \$50,545,000 (principal only). This is possible because the county maintains a strong Capital Improvement Program, choosing to pay cash for capital improvements rather than issuing general obligation bonds. The most important benefit to Cobb County citizens in using cash to build capital projects is the tremendous cost savings realized. Additionally, because Cobb County has so little general obligation bonds outstanding for its size, it is able to obtain lower interest rates when it chooses to issue debt. Cobb County's low debt translates into a lower tax burden on Cobb's taxpayers.

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. For the purposes of summarizing fund balance, revenues and expenses do not include use of fund balance or undesignated contingency as presented in the Debt Service Revenue & Expenditure Summary.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$1,751,265	\$2,459,518	\$1,985,667	\$749,764	\$749,764
Revenues	\$8,920,785	\$41,039,571	\$7,014,147	\$8,130,690	\$8,100,211
Expenditures	\$8,212,532	\$41,513,422	\$8,250,050	\$8,130,690	\$8,100,211
Ending Balance	\$2,459,518	\$1,985,667	\$749,764	\$749,764	\$749,764
Designated/Reserved	\$2,459,518	\$1,985,667	\$749,764	\$749,764	\$749,764
Undesignated	\$0	\$0	\$0	\$0	\$0

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

Legal Tid-Bit

Special Revenue Funds are used to account for the proceeds of specific revenue sources. Generally, the use of these revenues are legally restricted to be expended for specific purposes.

FUND STRUCTURE

E911 is a Special Revenue Fund used to account for system fee collections and the operation of the Emergency 911 system within unincorporated Cobb County, City of Marietta, and Powder Springs. A \$1.25 monthly fee paid by land line customers and a \$1.00 monthly fee paid by wireless telephone customers within the county's service area support E911 almost entirely. These fees account for approximately 99% of the revenue collected for this fund.

ISSUES & TRENDS

Any revenues collected in excess of expenditures are reinvested in the E911 Fund as required by law. The FY 05 budget is 4.25% lower than the FY 04 adopted budget. This decrease reflects the termination of debt service payments for equipment. The assessment of the fee on wireless telephone service has significantly impacted revenue collections. Projected excess revenues are usually balanced by a contingency expense budget. For FY 05/06, the excess revenues have been budgeted for personnel improvements with the Board of Commissioners' approval.

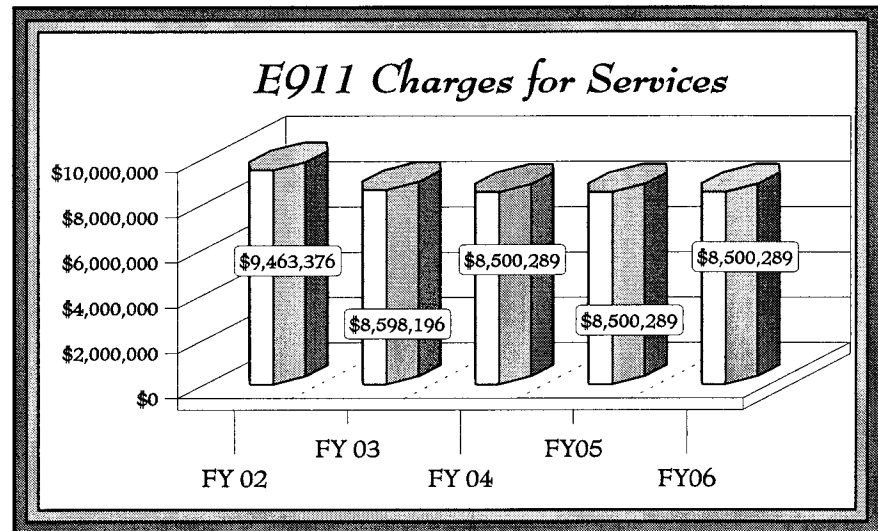
REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the E911 Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Intergovernmental	\$0	\$0	\$0	\$0	\$0
Charges for Services	\$9,463,376	\$8,598,196	\$8,500,289	\$8,500,289	\$8,500,289
Miscellaneous	\$97,649	\$99,415	\$60,000	\$45,000	\$40,000
Other Financing	\$1,156	\$697	\$364,403	\$0	\$197,270
TOTAL	\$9,562,181	\$8,698,308	\$8,924,692	\$8,545,289	\$8,737,559
Expenditure Category					
Personal Services	\$4,462,861	\$4,845,645	\$5,807,752	\$5,686,298	\$5,850,843
Operating	\$2,268,981	\$3,456,860	\$2,706,577	\$2,363,827	\$2,589,077
Debt Service	\$726,831	\$169,040	\$173,891	\$0	\$0
Capital	\$21,459	\$850	\$17,700	\$0	\$0
Contingency	\$0	\$0	\$218,772	\$495,164	\$297,639
TOTAL	\$7,480,132	\$8,472,395	\$8,924,692	\$8,545,289	\$8,737,559

SOURCES OF REVENUE

As noted earlier, the E911 system is almost entirely supported by a fee charged to both telephone and wireless phone customers within unincorporated Cobb County, the City of Marietta, and Powder Springs. All local telephone and wireless service providers collect the fees on a monthly basis and remit a percentage of all collections to Cobb County. Schools and governmental agencies are exempt from the E911 fee. This revenue generated by these fees accounts for 99% of revenue collected by E911.

**FUND BALANCE SUMMARY**

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the E911 Revenue & Expenditure Summary. Variances between the FY 02/03 actual amounts shown on this table and those shown on the Revenue and Expenditure Summary table are due to auditor reclassifications and adjustments to the financial statements.

During FY 03, fund balance increased over \$225,000 over FY 02. This increase is attributed to the decrease in capital expenditures, as revenue continued to decrease. During FY04 fund balance is expected to decrease approximately \$4 million due to the their contribution of over \$3 million dollars to the Motorola core replacement capital project in December FY 04. FY 02 and FY 03 expenditures did not include any major capital projects. With marginal increases projected for revenues and expenditures for FY 04 - FY 06, fund balance is expected to remain constant.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$2,735,057	\$4,812,929	\$5,039,054	\$1,468,130	\$1,468,130
Revenues	\$9,334,530	\$7,743,184	\$8,213,846	\$8,545,289	\$8,737,559
Expenditures	\$7,256,658	\$7,517,059	\$11,784,770	\$8,545,289	\$8,737,559
Ending Balance	\$4,812,929	\$5,039,054	\$1,468,130	\$1,468,130	\$1,468,130
Designated/Reserved	\$4,812,929	\$5,039,054	\$1,468,130	\$1,468,130	\$1,468,130
Undesignated	\$0	\$0	\$0	\$0	\$0

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Fire Fund is a Special Revenue Fund established to account for monies received from a specific property tax levy as well as fees charged for services provided by the 27 stations within the county's service area. This area includes all of unincorporated Cobb County along with the cities of Acworth, Kennesaw and Powder Springs. Property taxes collected are the primary source of revenue for the Fire Fund, accounting for almost 97% of the total budgeted revenue.

ISSUES & TRENDS

The Fire Fund budget continues to increase at a modest rate, reflecting the residential and commercial growth within Cobb County. During FY 03/04 two fire stations were relocated to new facilities at more strategic locations and a new headquarters facility was built to maintain quality service levels. Projected excess revenue is budgeted in contingency, which is available for ongoing facility renovations and equipment replacements as needed with the Board of Commissioners' approval.

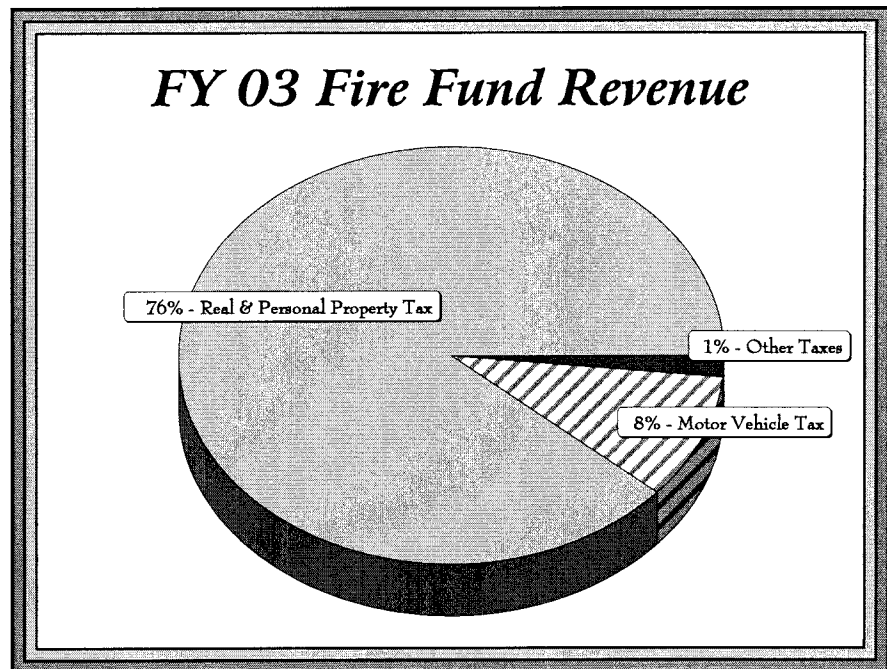
REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the Fire Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
General Property	\$46,974,827	\$48,269,856	\$53,001,216	\$51,129,464	\$54,396,078
Penalties & Interest	\$77,580	\$129,690	\$60,000	\$118,825	\$118,825
Other Taxes	\$403,645	\$719,219	\$440,000	\$382,812	\$382,812
Licenses & Permits	\$2,950	\$2,700	\$1,400	\$1,500	\$1,600
Intergovernmental	\$2,747,341	\$2,798,705	\$3,100	\$3,100	\$3,100
Charges for Services	\$3,900	\$900,600	\$5,000	\$1,013,792	\$1,013,792
Miscellaneous	\$212,735	\$161,959	\$120,000	\$279,000	\$279,000
Other Financing	\$75,353	\$85,688	\$1,100	\$16,200	\$16,200
TOTAL	\$50,498,331	\$53,068,417	\$53,631,816	\$52,944,693	\$56,211,407
Expenditure Category					
Personal Services	\$35,761,965	\$37,859,328	\$40,463,540	\$41,320,992	\$42,725,455
Operating	\$8,164,702	\$7,905,278	\$8,284,669	\$8,118,756	\$8,782,334
Debt Service	\$459,581	\$261,090	\$884,000	\$617,997	\$885,451
Capital	\$725,880	\$1,961,704	\$376,000	\$419,501	\$441,532
Contingency	\$0	\$0	\$3,623,607	\$2,467,447	\$3,376,635
TOTAL	\$45,112,128	\$47,987,400	\$53,631,816	\$52,944,693	\$56,211,407

SOURCES OF REVENUE

The two largest sources of revenue for the Fire Fund are real/ personal property taxes and motor vehicle taxes. These two sources combined account for more than 84% of total Fire Fund revenue.



Property Tax. Property tax collection growth has been moderate from 1992-2004. Considering the net tax digest growth, along with the need for expansion of services, replacement of equipment and renovation of facilities, the Board of Commissioners has lowered the Fire Fund millage rate twice since 1992. During 2004 residential and commercial properties were revalued in accordance with state law. The revaluation led to a 4% decrease in budgeted property tax collections for FY 05.

Motor Vehicle Tax. Cobb County has historically enjoyed steady growth in motor vehicle tax collections. The value of the taxable digest has grown consistently each year at a rate of approximately 10%. However, this trend will not continue with the passage of House Bill 1224. This new legislation requires motor vehicle appraisal values to be set by averaging the wholesale and retail value of the vehicle. The change in valuation method was phased in over a two year period. FY 03 saw values set at 75% of the retail value and 25% of the wholesale value. FY 04 values were set by calculating an average of the retail and wholesale values. The FY 05/06 motor vehicle tax digest assumes no annual growth above FY 03 actual revenues and the FY 04 proposed reduced millage rate of 2.65 will be maintained in FY 05.

DEBT SUMMARY

Approximately 1.17% of the Fire Fund budget is for debt service expenses. Along with the General Fund, the Fire Fund shares the projected interest expense related to the use of Tax Anticipation Notes (TANs). These short term notes are used to borrow against current year anticipated tax revenues as needed to fund projects/operations. Current projected interest expense lowers the available amount in contingency, which is used with the Board of Commissioners' approval to fund

Legal Tid-Bit

There are no legal debt limits for Special Revenue Funds.

equipment and expand facilities. Below are the amounts budgeted in the Fire Fund for projected FY 05/06 interest expenses.

<i>TANs Interest Expense</i>	
<i>FY 05</i>	<i>FY 06</i>
\$617,997	\$885,451

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the Fire Fund Revenue & Expenditure Summary. Variances between the FY 02/03 actual amounts shown on this table and those shown on the Revenue and Expenditure Summary table are due to auditor reclassifications and adjustments to the financial statements.

In FY 03, the fund balance increased approximately \$5 million above FY 02 due to the increase in tax revenue. In FY 04 Cobb Fire began construction on Fire Station #11 on Cowan Road in Acworth. The new 8,000 square foot facility is expected to open in June 2005, and will provide more efficient delivery of fire and emergency services to Acworth and Northwest Cobb County.

In April FY 04 a 39-foot Emergency Medical Operations Vehicle was purchased with \$360,000 in Federal Homeland Security grant funds. This vehicle is the first of its kind, and can function as a mobile emergency room. It will be utilized for medical monitoring and treatment of patients and responders during mass casualty incidents and special operations, as well as transporting patients with infectious diseases.

In July FY 04 a new, state-of-the-art 39-foot Citizen's Fire and All-Hazards Safety and Preparedness Trailer was partially funded with federal grant funds awarded through FEMA and the United States Firefighter's Association. This \$50,000 trailer will be used in the department's public education efforts in schools, neighborhood and civic associations, teaching participants about fire safety, and how to prepare for and react to many types of public safety emergencies, such as tornadoes, hurricanes, fires, etc.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$4,308,171	\$9,693,564	\$14,774,663	\$14,932,519	\$14,932,519
Revenues	\$50,448,003	\$53,068,499	\$57,116,681	\$52,944,693	\$56,211,407
Expenditures	\$45,062,610	\$47,987,400	\$56,958,825	\$52,944,693	\$56,211,407
Ending Balance *	\$9,693,564	\$14,774,663	\$14,932,519	\$14,932,519	\$14,932,519
Designated/Reserved	\$9,693,564	\$14,774,663	\$14,932,519	\$14,932,519	\$14,932,519
Undesignated	\$0	\$0	\$0	\$0	\$0

*County policy requires a minimum fund balance reserve be maintained equal to 1/20th of the annual appropriated budget. This reserve amount is included in the ending balance figures shown above.

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

Did You Know?

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services.

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

FUND STRUCTURE

The Other Operating Funds include Child Support, Community Services Block Grant (CSBG), Golf Course, Hotel/Motel Tax, Law Library, Mable House Amphitheatre and Parking Deck. CSBG, Hotel/Motel Tax, Law Library, and Parking Deck are categorized as Special Revenue Funds, while the Golf Course and Mable House Amphitheatre are categorized as Enterprise Funds. Child Support is categorized as a Fiduciary Fund. All of these Other Operating Funds are funded by user fees and/or grants.

Child Support: The Child Support Recovery Unit was established to act as the enforcement agency for the Department of Human Resources on behalf of children in need of financial support. The State of Georgia reimburses 100% of eligible expenditures to include operating expenses, salaries, and fringe benefits associated with the Child Support Recovery Program. However, the State considers 25% of the assistant district attorney's salary as ineligible. Therefore, the county subsidizes all ineligible costs.

CSBG: The CSBG Fund was established to account for grant monies received from the Georgia Department of Human Resources for the Community Services Block Grant program. CSBG provides operating contributions to community service organizations or programs designed to assist low to moderate income citizens of Cobb County.

Golf Course: The Golf Course Fund was established to account for the operation and maintenance of the Cobblestone Golf Course. Operations are funded through charges for use of the golf course, concessions, and pro shop sales.

Hotel/Motel Tax: This fund was created in FY 02 to account for Hotel/Motel Tax revenue collected which is then interfund transferred to the General Fund's Business License Division. In previous years, the Hotel/Motel Tax Revenue was recognized directly in the Business License Division of the Community Development Agency. In FY 04, the Board of Commissioners committed approximately \$3m of Hotel/Motel Tax revenues annually for the next nineteen years for the Cobb Performing Arts Center project. This project is a collaboration among local government, private businesses, and two local universities.

Law Library: The Law Library provides the operation and maintenance of the county's law library. Approximately 90% of the revenue collected is provided through legal costs exacted from each action or case filed within the county. Approximately 55% of the Law Library's operating budget is for library materials.

Mable House Amphitheatre: This fund was created in FY 03 to account for the operation and maintenance of the Mable House Amphitheatre facility. Admission fees, parking fees and facility rental fees are the primary revenue sources, accounting for approximately 64% of the total revenue collected.

Parking Deck: The Parking Deck is responsible for the operation and maintenance of the Marietta Square parking deck. Their primary revenue source is fees collected from the public and county employees for use of parking spaces. Approximately 72% of budgeted expenses are for the debt service payments on revenue bonds.

ISSUES & TRENDS

In FY 04, the Parking Deck fees for the public were changed to a flat fee of \$3 per entry. As a result of this fee change, the parking revenues increased approximately 4%, which eliminated the need for an annual interfund transfer from the General Fund. Any excess revenues over expenditures will be used to fund capital improvements or towards the retirement of debt.

REVENUE & EXPENSE/EXPENDITURE SUMMARY

The following tables are a presentation of revenues and expenses/expenditures by category for each of the Other Operating Funds. This information provides a five-year comparison of actual, adopted, and proposed budgets for each fund for a period.

Child Support:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Intergovernmental	\$571,010	\$906,635	\$1,021,132	\$942,835	\$974,878
Charges for Services	\$6,350	\$1,325	\$0	\$0	\$0
Other Financing	\$0	\$16,885	\$0	\$0	\$0
TOTAL	\$577,360	\$924,845	\$1,021,132	\$942,835	\$974,878
Expense Category					
Personal Services	\$732,561	\$821,458	\$900,091	\$913,248	\$944,696
Operating	\$67,609	\$103,387	\$121,041	\$29,587	\$30,182
TOTAL	\$800,170	\$924,845	\$1,021,132	\$942,835	\$974,878

CSBG:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Intergovernmental	\$436,705	\$441,910	\$393,829	\$275,671	\$275,671
Miscellaneous	\$171	\$232	\$0	\$0	\$0
TOTAL	\$436,876	\$442,142	\$393,829	\$275,671	\$275,671
Expenditure Category					
Operating	\$436,711	\$442,142	\$393,329	\$275,671	\$275,671
Capital	\$0	\$0	\$500	\$0	\$0
TOTAL	\$436,711	\$442,142	\$393,829	\$275,671	\$275,671

*The Bottom Line**Other Operating Funds Summary**Golf Course:*

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Other Taxes	\$86,269	\$75,138	\$72,853	\$0	\$0
Charges for Services	\$1,728,803	\$1,700,714	\$1,705,835	\$2,188,694	\$2,192,793
Miscellaneous	\$2,321	\$18,301	\$396,180	\$6,575	\$0
Other Financing	\$613	\$8,651	\$0	\$0	\$0
TOTAL	\$1,818,006	\$1,802,804	\$2,174,868	\$2,195,269	\$2,192,793
Expense Category					
Personal Services	\$44,374	\$50,237	\$50,220	\$52,174	\$53,920
Operating	\$1,527,853	\$1,378,273	\$1,528,456	\$1,508,928	\$1,504,259
Debt Service	\$299,213	\$283,731	\$589,114	\$592,749	\$590,028
Capital	\$198,764	\$0	\$6,000	\$40,248	\$0
Contingency	\$0	\$0	\$1,078	\$1,170	\$44,586
TOTAL	\$2,070,204	\$1,712,241	\$2,174,868	\$2,195,269	\$2,192,793

Hotel/Motel Tax:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Other Taxes	\$3,194,741	\$3,021,223	\$2,900,000	\$3,106,088	\$3,313,638
TOTAL	\$3,194,741	\$3,021,223	\$2,900,000	\$3,106,088	\$3,313,638
Expenditure Category					
Operating	\$3,194,741	\$3,021,223	\$2,900,000	\$3,106,088	\$3,313,638
TOTAL	\$3,194,741	\$3,021,223	\$2,900,000	\$3,106,088	\$3,313,638

*The Bottom Line**Other Operating Funds Summary**Law Library:*

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Fines & Forfeitures	\$484,309	\$488,365	\$484,000	\$470,000	\$470,000
Miscellaneous	\$9,336	\$6,850	\$5,000	\$3,500	\$3,500
Other Financing	\$4,106	\$4,661	\$5,000	\$61,677	\$4,521
TOTAL	\$497,751	\$499,876	\$494,000	\$535,177	\$478,021
Expenditure Category					
Personal Services	\$81,683	\$90,529	\$95,979	\$103,636	\$104,671
Operating	\$441,463	\$437,725	\$396,019	\$431,541	\$371,097
Contingency	\$0	\$0	\$2,002	\$0	\$2,253
TOTAL	\$523,146	\$528,254	\$494,000	\$535,177	\$478,021

Mable House Amphitheatre:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Other Taxes	\$0	\$0	\$43,559	\$47,677	\$47,677
Charges for Services	\$0	\$253,827	\$931,121	\$1,028,728	\$1,028,728
Miscellaneous	\$0	\$24,451	\$178,272	\$506,022	\$528,482
Other Financing	\$0	\$1,282	\$327,798	\$10,716	\$10,716
TOTAL	\$0	\$279,560	\$1,480,750	\$1,593,143	\$1,615,603
Expenditure Category					
Operating	\$0	\$1,086,186	\$1,475,750	\$1,588,143	\$1,610,603
Contingency	\$0	\$0	\$5,000	\$5,000	\$5,000
TOTAL	\$0	\$1,086,186	\$1,480,750	\$1,593,143	\$1,615,603

Parking Deck:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Charges for Services	\$411,315	\$439,660	\$448,500	\$469,782	\$469,782
Miscellaneous	\$3,682	\$3,532	\$1,500	\$2,500	\$2,500
Other Financing	\$39,974	\$56,655	\$1,423	\$160	\$160
TOTAL	\$454,971	\$499,847	\$451,423	\$472,442	\$472,442
Expenditure Category					
Personal Services	\$35,791	\$34,871	\$42,413	\$37,485	\$38,866
Operating	\$62,587	\$69,132	\$70,373	\$82,168	\$83,872
Debt Service	\$336,241	\$339,548	\$337,460	\$345,092	\$337,160
Contingency	\$0	\$0	\$1,177	\$7,697	\$12,544
TOTAL	\$434,619	\$443,551	\$451,423	\$472,442	\$472,442

SOURCES OF REVENUE

Child Support, CSBG, Golf Course, Hotel/Motel Tax, Law Library, Mable House Amphitheatre and Parking Deck each have one primary revenue source. The revenue sources, as well as the services, vary from each fund.

Child Support: State and local funds support the Child Support Recovery efforts in Cobb County. There are two different reimbursements received from the state for Child Support Recovery that require a local match. Salaries, operating, and capital are reimbursed 75% by the state, with a 25% match required by the local government. Revenue is projected on the basis of the state reimbursement and local match requirement.

CSBG: The state provides the county with funds to operate the Community Services Block Grant Program. There are no matching funds required by the local government. The state distributes the funds to counties based on poverty levels statewide. Approximately 85%-90% of all funds received by Cobb County are distributed to community activity agencies.

Golf Course: The Cobblestone Golf Course generates approximately 99% of total revenue from user fees. The fees include charges paid by patrons for green fees, golf cart rental, membership cards, driving range practice, and concessions. Cobblestone's revenue has covered all expenditures including debt payments since opening in 1994. In FY 05/06, the budget again reflects the ability of the Cobblestone Golf Course to operate as a self-supporting Enterprise Fund as revenues continue to increase.

Hotel/Motel Tax: In compliance with the Georgia Uniform Chart of Accounts, this fund collects Hotel/Motel Tax revenue only. In previous years, the Hotel/Motel Tax Revenue was recognized directly in the Business License Division of the Community Development Agency.

Law Library: Funding for the Law Library is primarily generated by court fines. A fee, not to exceed \$3.00 per case, is imposed on each criminal or civil case filed within Cobb County. Less than 1% of revenue is generated from sales of copies.

Mable House Amphitheatre: Fees collected from patrons for admission and parking make up the majority of revenue for the Mable House Amphitheatre. Rental fees and concession sales also contribute to the revenue collected. As the Amphitheatre enters into its third season, revenues continue to steadily increase.

Parking Deck: The main source of revenue for the Parking Deck is parking fees. Fees are paid by both county employees and the general public. Employees pay a monthly fee for a reserved or unreserved parking space, and the public is charged a flat rate of \$3.00. Presently, the deck is operating at full capacity, with revenues projected to remain relatively stable. FY 05/06 revenue collections will adequately fund all operations and debt service payments budgeted.

DEBT SUMMARY

Golf Course: Approximately 27% of budgeted expenses for the Golf Course Fund are for debt service payments on the Recreation Authority refunding serial bonds issued in 1997. These bonds provided funds for acquiring, constructing, developing, improving, and equipping an 18-hole golf course, clubhouse, and related facilities. Revenue bonds are payable from a specific source of revenue and do not affect the property tax rate. There are no legal debt limits for revenue bonds. Below is the debt service schedule for the Golf Course Fund.

Golf Course Debt Service Schedule

FY 05	\$586,421	FY 08	\$585,198	FY 11	\$577,753	FY 14	\$577,125
FY 06	\$583,700	FY 09	\$583,945	FY 12	\$582,250		
FY 07	\$585,070	FY 10	\$576,456	FY 13	\$580,313		

Capital purchases and accumulation of retained earnings are limited to the amount of revenues generated in excess of expenditures for the Golf Course, until FY 14 when the debt is retired.

Parking Deck: Approximately 73% of the Parking Deck budget is for debt service payments on the 1997 Refunding Bonds, through the Downtown Marietta Development Authority (DMDA), to advance refund revenue bonds issued during 1992. The bonds provided funding to acquire, construct, and equip parking facilities to benefit the employees and citizens of Cobb County. Revenue bonds are payable from a specific source of revenue and do not affect the property tax rate. Revenue bonds are not subject to any legal debt limits. The schedule for these payments follows:

Parking Deck
Debt Service Schedule

FY 05	\$330,091	FY 09	\$331,475	FY 13	\$328,500	FY 17	\$324,875
FY 06	\$337,160	FY 10	\$326,745	FY 14	\$326,125	FY 18	\$324,813
FY 07	\$329,060	FY 11	\$326,384	FY 15	\$328,063	FY 19	\$324,000
FY 08	\$325,653	FY 12	\$325,313	FY 16	\$329,250		

FUND BALANCE SUMMARY

The following tables are a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the Other Operating Funds Revenue & Expenditure Summary.

Child Support Recovery: The Child Support Recovery Unit is one of many grants within the Grant Fund. Since the Child Support Recovery Unit is a continuously funded state program, it is budgeted on an annual basis. All other grants are budgeted as funds become available from the state or federal government.

Grant Fund:

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$369,791	\$645,321	\$862,881	\$17,809	\$17,809
Revenues*	\$16,826,762	\$9,683,718	\$13,225,179	\$942,835	\$974,878
Expenses*	\$16,551,232	\$9,466,158	\$14,070,251	\$942,835	\$974,878
Ending Balance	\$645,321	\$862,881	\$17,809	\$17,809	\$17,809
Designated/Reserved	\$645,321	\$862,881	\$17,809	\$17,809	\$17,809
Undesignated	\$0	\$0	\$0	\$0	\$0

* Fund balances shown include all grants in the FY 02 and FY 03 actual amounts and the FY 04 estimated amount. However, the FY 05 adopted and FY 06 proposed amounts reflect Child Support Recovery only since it is budgeted on an annual basis.

CSBG:

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$9,910	\$10,075	\$8,866	\$10,229	\$10,229
Revenues	\$436,876	\$442,142	\$302,168	\$275,671	\$275,671
Expenditures	\$436,711	\$443,351	\$300,805	\$275,671	\$275,671
Ending Balance	\$10,075	\$8,866	\$10,229	\$10,229	\$10,229
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$10,075	\$8,866	\$10,229	\$10,229	\$10,229

*The Bottom Line**Other Operating Funds Summary**Hotel/Motel Tax:*

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	\$3,194,741	\$3,021,223	\$3,038,009	\$3,106,088	\$3,313,638
Expenditures	\$3,194,741	\$3,021,223	\$3,038,009	\$3,106,088	\$3,313,638
Ending Balance	\$0	\$0	\$0	\$0	\$0
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$0	\$0	\$0	\$0	\$0

Law Library:

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$354,146	\$328,314	\$299,950	\$229,483	\$229,483
Revenues	\$497,314	\$499,891	\$462,104	\$535,177	\$478,021
Expenditures	\$523,146	\$528,255	\$532,571	\$535,177	\$478,021
Ending Balance	\$328,314	\$299,950	\$229,483	\$229,483	\$229,483
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$328,314	\$299,950	\$229,483	\$229,483	\$229,483

Parking Deck:

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	(\$7,388)	\$12,730	\$69,034	\$57,407	\$57,407
Revenues	\$454,737	\$499,857	\$482,147	\$472,442	\$472,442
Expenditures	\$434,619	\$443,553	\$493,774	\$472,442	\$472,442
Ending Balance	\$12,730	\$69,034	\$57,407	\$57,407	\$57,407
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$12,730	\$69,034	\$57,407	\$57,407	\$57,407

BUDGET BASIS

CSBG, Hotel/Motel Tax, Law Library, and Parking Deck: Budgets for Governmental Fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible, within the current period or soon enough thereafter, to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles"

(GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end.

For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

Child Support, Golf Course and Mable House Amphitheatre: The accrual basis of accounting is used to prepare budgets for Proprietary and Fiduciary Fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

Senior Services is a Special Revenue Fund established to account for funds received from various state and local agencies expended for social programs, including services for senior citizens. The majority of revenue collected in the Senior Services Fund is received from local, state and federal governments. Approximately 73% of the revenue budgeted is an interfund transfer from the General Fund, while 22% is budgeted to be received from various other government agencies.

ISSUES & TRENDS

Currently there are a total of four multipurpose Senior Centers located in Cobb County. A new center to serve senior citizens in North Cobb County was opened for operations in FY 04. FY 05 will be the first year to bear the full-year impact of its operations. The level of funding provided through federal and state grants remains fairly constant, with a modest increase anticipated for FY 05/06. This will allow Senior Services to accommodate growth in the senior citizen population and continue to provide the quality services that Cobb County's seniors currently enjoy. The Private Pay Program continues to be successful. This program allows seniors who do not meet grant qualifications to receive various services offered by paying a reduced rate.

REVENUE & EXPENDITURE SUMMARY

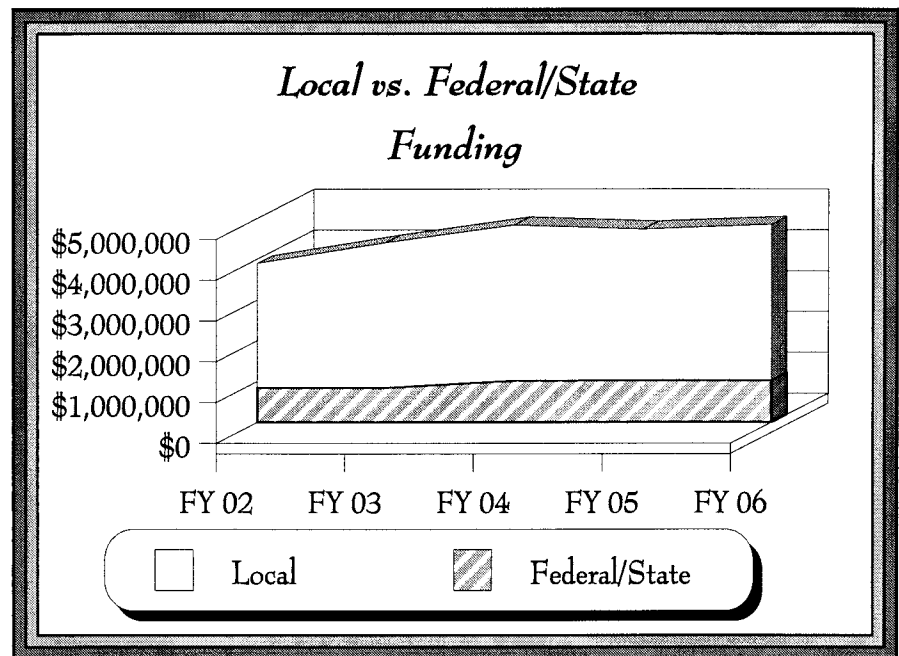
The following table is a presentation of revenues and expenditures by category for the Senior Services Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Intergovernmental	\$746,870	\$855,927	\$1,034,138	\$1,042,178	\$1,042,178
Charges for Services	\$62,571	\$66,768	\$71,800	\$73,800	\$77,300
Miscellaneous	\$12,137	\$11,762	\$13,900	\$4,740	\$4,740
Other Financing	\$2,860,924	\$3,547,750	\$3,804,403	\$3,696,176	\$3,812,349
TOTAL	\$3,682,502	\$4,482,207	\$4,924,241	\$4,816,894	\$4,936,567
Expenditure Category					
Personal Services	\$2,560,024	\$2,840,710	\$3,071,484	\$3,015,399	\$3,098,913
Operating	\$1,342,880	\$1,500,098	\$1,712,605	\$1,682,901	\$1,712,003
Capital	\$7,480	\$24,514	\$16,616	\$2,350	\$5,330
Contingency	\$0	\$0	\$123,536	\$116,244	\$120,321
TOTAL	\$3,910,384	\$4,365,322	\$4,924,241	\$4,816,894	\$4,936,567

SOURCES OF REVENUE

Senior Services is supported primarily by a combination of federal, state, and local grants. Federal funding is filtered through the Atlanta Regional Commission in concert with the Older Americans Act of 1965, the Social Services Block Grant Program, and the Community Services Block Grant. Local funding is provided through an interfund transfer from the Cobb County General Fund.

Grants. The largest grant received by Senior Services is in the form of local funding from the Cobb County General Fund. The amount of local funding required to support Senior Services is determined by defining the variance between projected expenditures and projected revenues from other sources. The General Fund contribution to Senior Services has increased each year from FY01 - FY04 to compensate for increases in services and facilities. In recent years Senior Services has added three facilities for a total of four multi-purpose senior centers, four neighborhood senior centers and one senior day center. FY05 is the first year in many that the General Fund contribution has decreased. The FY06 contribution from the General Fund increases 3.3% over the FY05 amount, but is still below the FY04 contribution total.



State and federal funding is projected to remain fairly consistent for the next two budget years. The General Fund contribution for FY 05/06 has decreased approximately 0.20% from the FY 04 contribution level.

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the Senior Services Revenue & Expenditure Summary. Variances between the FY 02/03 actual amounts shown on this table and those shown on the Revenue and Expenditure Summary table are due to auditor reclassifications and adjustments to the financial statements.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	(\$176,671)	(\$404,554)	(\$287,669)	(\$19)	(\$19)
Revenues	\$3,682,502	\$4,482,207	\$5,086,659	\$4,816,894	\$4,936,567
Expenditures	\$3,910,385	\$4,365,322	\$4,799,009	\$4,816,894	\$4,936,567
Ending Balance	(\$404,554)	(\$287,669)	(\$19)	(\$19)	(\$19)
Designated/Reserved	(\$404,554)	(\$287,669)	(\$19)	(\$19)	(\$19)
Undesignated	\$0	\$0	\$0	\$0	\$0

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Solid Waste and the Compost Funds are Enterprise Funds established to account for operating revenues and expenses related to the disposal of solid waste.

ISSUES & TRENDS

Solid Waste's disposal revenues have increased as a result of the new business plan that went into effect in February 2004. The intent of the new business plan is to offer affordable services cost effectively by increasing waste disposal fees while reducing select operating expenses. As a result, the FY 04 disposal revenues increased 43% over FY 03 collections. Although the disposal fee revenues have increased according to the business plan, the revenues are not substantial enough to fully fund the Division's operating budget.

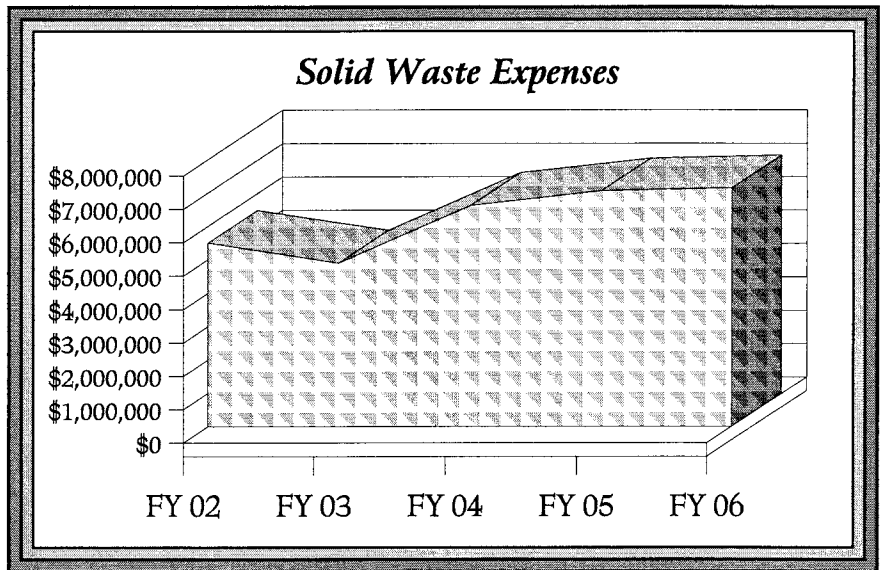
REVENUE & EXPENSE SUMMARY

The following tables are a presentation of revenues and expenditures, by category, for each of the Solid Waste and Compost Operating Funds. This information provides a five year comparison of actual, adopted and proposed budgets for each fund.

Solid Waste Fund:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Charges for Services	\$2,222,680	\$2,529,082	\$2,122,000	\$3,620,021	\$3,620,021
Intergovernmental	\$0	\$0	\$0	\$0	\$0
Miscellaneous	(\$30,916)	\$1,620	\$4,466,407	\$1,945,259	\$2,033,650
Other Financing	\$2,873,803	\$30,231	\$30,510	\$1,484,130	\$1,484,130
TOTAL	\$5,065,567	\$2,560,933	\$6,618,917	\$7,049,410	\$7,137,801
Expense Category					
Personal Services	\$1,532,188	\$1,575,838	\$1,653,547	\$1,735,566	\$1,791,226
Operating	\$3,767,717	\$3,215,464	\$4,146,623	\$3,558,849	\$3,682,722
Debt Service	\$14,244	\$14,241	\$17,869	\$120,608	\$17,865
Capital	\$183,787	\$89,641	\$768,000	\$138,800	\$149,000
Contingency	\$0	\$0	\$32,878	\$1,495,587	\$1,496,988
TOTAL	\$5,497,935	\$4,895,184	\$6,618,917	\$7,049,410	\$7,137,801

Less than 2% of the Solid Waste Fund's operating budget is debt service. Because this is an Enterprise Fund, there is no legal debt limit. The budgeted debt service is for amortization costs associated with the Compost Fund Revenue Bonds and for capital equipment lease payments.

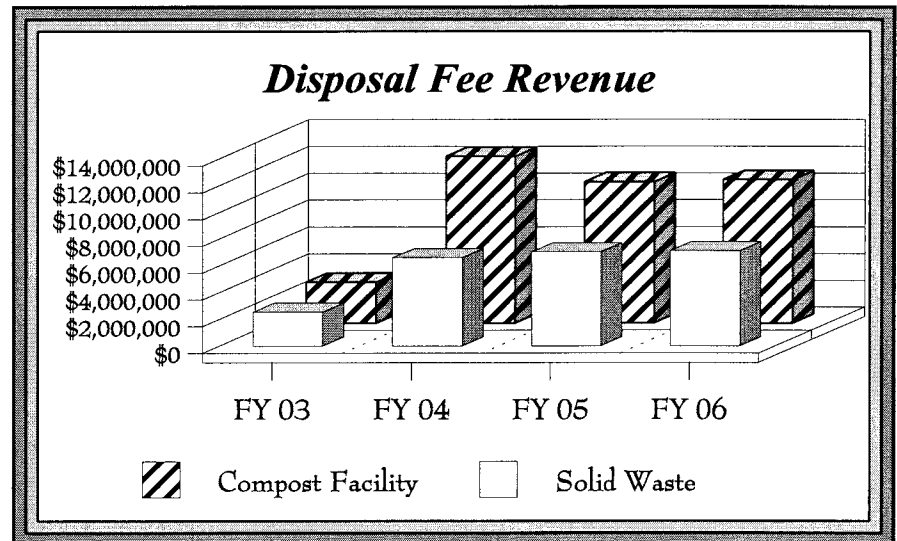


Compost Operating Fund:

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Charges for Services	\$2,562,279	\$3,031,299	\$2,105,407	\$2,316,007	\$2,316,007
Miscellaneous	(\$268,357)	\$6,124	\$10,317,117	\$8,225,379	\$8,382,988
Other Financing	\$2,854,190	\$37,645	\$32,548	\$20,824	\$20,824
TOTAL	\$5,148,112	\$3,075,068	\$12,455,072	\$10,562,210	\$10,719,819
Expense Category					
Personal Services	\$1,455,370	\$1,539,955	\$1,665,252	\$1,444,729	\$1,491,105
Operating	\$5,437,590	\$6,023,570	\$6,667,446	\$6,124,781	\$6,324,004
Debt Service	\$1,410,535	\$1,328,610	\$2,514,942	\$2,408,460	\$2,398,396
Capital	\$674,271	\$250,097	\$1,572,500	\$550,000	\$443,000
Contingency	\$0	\$0	\$34,932	\$34,240	\$63,314
TOTAL	\$8,977,766	\$9,142,232	\$12,455,072	\$10,562,210	\$10,719,819

SOURCES OF REVENUE

Tipping fees, also known as disposal fees, are the single source of revenue generated by the Compost and Solid Waste Funds. During the second quarter of FY 04, the fee structure experienced an 8% rate increase. Tipping fees increased from \$32.50 to \$35.00, per ton. Although both funds experienced significant revenue collections in FY 04, the actual tonnage decreased in comparison. As a result of the fee change and the potential impact it may have on the annual tonnage activity, a conservative revenue projection is budgeted for the next two years. The graph below demonstrates the change in the revenue stream from FY 03 - FY 06:



DEBT SUMMARY

Approximately 23% of the Compost Fund's operating budget is debt service. Because this is an Enterprise Fund, there is no legal debt limit. The budgeted debt service is for the costs associated with retiring revenue bonds and a Georgia Environmental Facilities Authority (GEFA) loan. Revenue bonds for \$25,930,000 were issued during 1995 to construct the Compost Facility. Below is the schedule of remaining payments for debt service budgeted in the Compost Fund:

Compost Facility Debt Service Schedule					
FY 05	\$2,398,796	FY 09	\$2,380,681	FY 13	\$2,366,040
FY 06	\$2,393,774	FY 10	\$2,524,320	FY 14	\$2,363,680
FY 07	\$2,387,543	FY 11	\$2,520,880	FY 15	\$2,362,200
FY 08	\$2,384,951	FY 12	\$2,369,920		

Until FY 15, when the final debt service payment is made, the Compost Fund will require financing from other sources; therefore, this fund unable to accumulate fund balance.

BUDGET BASIS

The accrual basis of accounting is used to prepare budgets for proprietary and fiduciary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

Transit funding is currently budgeted in two funds; however, for purposes of the Comprehensive Annual Financial Report, it is considered a single Enterprise Fund. In FY 02, this fund was reclassified from a Special Revenue (Governmental) Fund to an Enterprise (Proprietary) Fund as a result of GASB 34. The two budgeted funds are Transit Operating and Transit Capital. Prior to FY 97, revenues and expenses for transit capital projects were included in the operating fund. The Transit Operating Fund has been established to account for revenues and expenses of the day-to-day operations of Cobb's public transit system. The operating fund receives revenues from the Federal Transit Administration (FTA), Georgia Department of Transportation (GDOT) and interfund transfers from the county's General Fund.

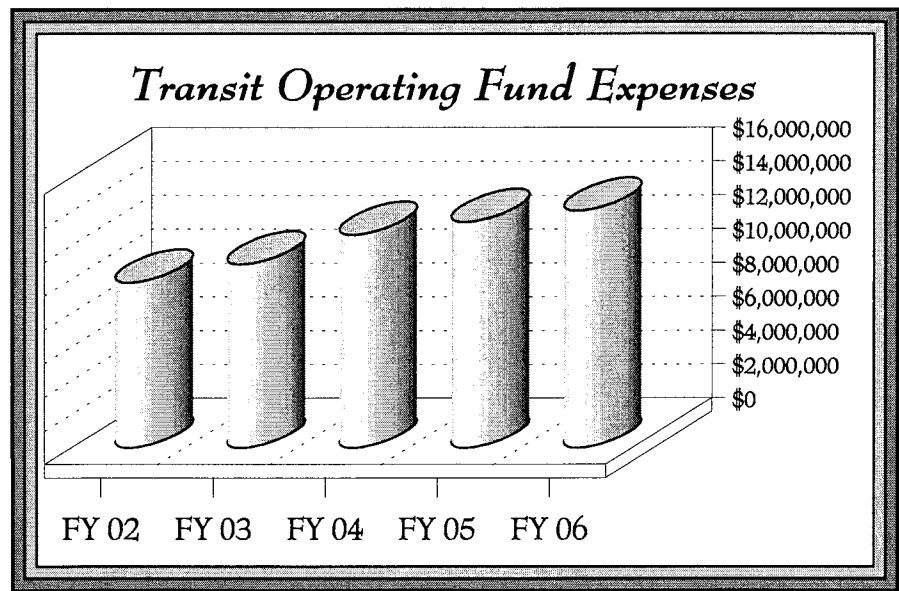
ISSUES & TRENDS

Cobb's public transit system is known as Cobb Community Transit (CCT). CCT operates buses and para-transit minibuses that serve the needs of Cobb's commuters. A business is contracted to operate and maintain CCT facilities, equipment, and vehicles. This service contract is awarded after a competitive bid process. The current transit service provider's five year contract ends June 30, 2005, and will be re-bid for the next five-year period. County Transit staff administer and supervise the contractor. The bulk of operating expenses are associated with the payments to the company providing the service. User fees and most other types of revenue are receipted in the operating fund only. Passenger fare revenue is the primary operating revenue generated by CCT. Efforts to increase fare revenue are ongoing through an improved and expanded marketing program.

REVENUE & EXPENSE SUMMARY

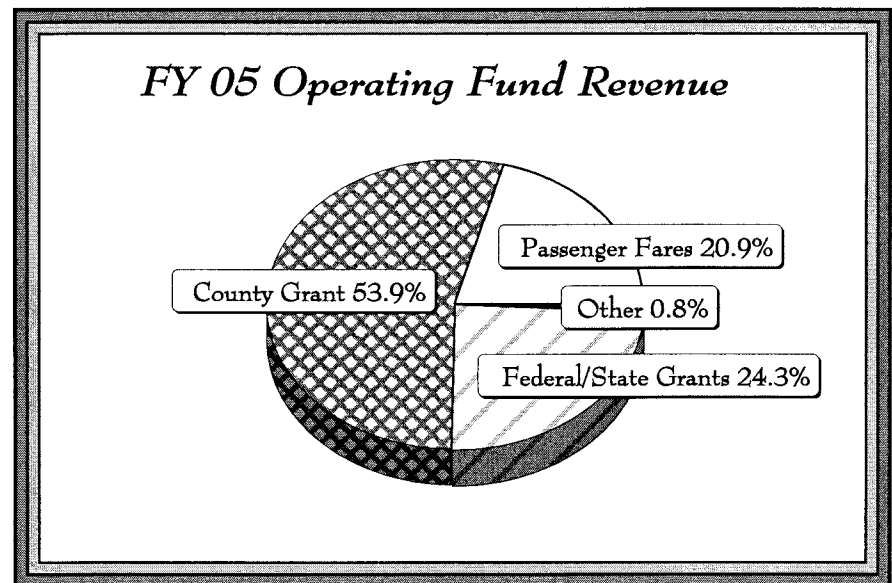
The following table is a presentation of revenues and expenses by category for the Transit Operating Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Intergovernmental	\$2,915,393	\$2,807,021	\$3,464,163	\$3,251,529	\$3,370,074
Charges for Services	\$2,577,185	\$2,688,189	\$3,019,867	\$2,903,200	\$3,011,200
Miscellaneous	\$0	\$24,434	\$0	\$0	\$0
Other Financing	\$5,133,172	\$5,247,720	\$6,126,169	\$7,204,415	\$7,641,331
TOTAL	\$10,625,750	\$10,767,364	\$12,610,199	\$13,359,144	\$14,022,605
Expense Category					
Personal Services	\$367,858	\$374,818	\$383,555	\$412,839	\$427,128
Operating	\$9,411,374	\$10,485,331	\$12,217,975	\$12,936,688	\$13,585,477
Capital	\$0	\$0	\$0	\$0	\$0
Contingency	\$0	\$0	\$8,669	\$9,617	\$10,000
TOTAL	\$9,779,232	\$10,860,149	\$12,610,199	\$13,359,144	\$14,022,605



SOURCES OF REVENUE

The primary sources of funding for Transit are grants and user fees (fares) paid by the riders of CCT. Grants are provided at the federal, state, county, and other local governments or entities to support CCT.



County Grant. The largest grant received by Transit is in the form of local funding transferred from the Cobb County General Fund. The amount of this county grant is determined by defining the gap between projected expenses and the revenue from all other sources. The table below provides a history of the county interfund transfer support of the Transit Operating Fund.

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$5,436,237	\$6,126,169	\$7,204,415	\$7,641,331

Federal, State & Other Local Grants. Federal and state grants provide both operating and capital funding. The FTA currently reimburses operating expenses on a limited basis only, and this level of support of operations may decrease nationally in the future. The table below provides the recent history of non-county grant funding.

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$2,807,021	\$3,464,163	\$3,251,529	\$3,370,074

Passenger Fares. The number of bus routes, riders and the passenger fare rates are factors that collectively determine the total amount of revenue received from passenger fares. Passengers that transfer between Atlanta's MARTA system and Cobb's CCT pay their fare to the trip-originating transit system only, not to both. The table below details the revenue from passenger fares.

FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
\$2,580,541	\$2,914,867	\$2,797,000	\$2,905,000

FUND NET ASSETS SUMMARY - COMBINED TRANSIT FUNDS

In FY 02, this fund was reclassified from a Special Revenue Fund to an Enterprise Fund as a result of GASB 34. Previously this table would display the changes in Fund Balance or as it is called in Enterprise Funds: Retained Earnings. Now with GASB 34, this summary table reflects changes in 'Net Fund Assets' as reported by the Comprehensive Annual Financial Report (CAFR). The following table is a five year presentation of beginning and ending Net Fund Assets for the combined Transit Funds. The more detailed information on revenues and expenses by category is found in the Revenue and Expense Summary table.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Assets	\$18,307,969	\$26,220,376	\$28,901,999	\$28,779,120	\$28,779,120
Revenues	\$20,015,235	\$13,685,768	\$12,157,199	\$13,359,144	\$14,022,605
Expenses	\$12,102,828	\$11,004,145	\$12,280,078	\$13,359,144	\$14,022,605
Ending Assets	\$26,220,376	\$28,901,999	\$28,779,120	\$28,779,120	\$28,779,120
Designated/Reserved	\$26,220,376	\$28,901,999	\$28,779,120	\$28,779,120	\$28,779,120
Undesignated	\$0	\$0	\$0	\$0	\$0

BUDGET BASIS

The accrual basis of accounting is used to prepare budgets for proprietary and fiduciary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Water Fund is an Enterprise Fund established to account for the operating revenue and expense of the Water Distribution System, sewage collection and processing plants. The primary revenue sources for the Water Fund are sewerage service fees, with annual collections over \$81 million and water sales with annual collections over \$55 million.

ISSUES & TRENDS

Revenue projections for FY 05/06 are inline with the expense projections. However, any revenues in excess of expenses support the ongoing capital expansion and replacement plan for Cobb County water and sewer lines, as well as water reclamation facilities. The FY 05 Water Fund operations are budgeted for a \$7.6 million increase over FY 04. The increase is attributed to several key factors such as: depreciation and debt service expenses, water purchases, capital replacements, costs related to outsourcing the fire hydrant repair & maintenance, and extensive sewer line repair & maintenance to meet both state and federal regulations.

REVENUE & EXPENSE SUMMARY

The following table is a presentation of revenues and expenses by category for the Water Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02	FY 03	FY 04	FY 05	FY 06
	Actual	Actual	Adopted	Adopted	Proposed
Revenue Category					
Intergovernmental	\$0	\$93,678	\$0	\$0	\$0
Charges for Services	\$130,483,680	\$126,863,555	\$131,068,816	\$138,893,208	\$141,273,366
Fines and Forfeitures	\$1,200	\$16,052	\$0	\$0	\$0
Miscellaneous	\$2,046,325	\$933,214	\$390,000	\$440,000	\$440,000
Other Financing	\$320,921	\$190,314	\$309,924	\$51,500	\$52,100
TOTAL	\$132,852,126	\$128,096,813	\$131,768,740	\$139,384,708	\$141,765,466
Expense Category					
Personal Services	\$18,762,504	\$19,833,069	\$20,974,676	\$21,619,722	\$22,164,831
Operating	\$92,186,318	\$94,306,521	\$103,804,042	\$105,838,257	\$109,120,370
Debt Service	\$6,351,861	\$4,790,594	\$5,032,314	\$8,214,158	\$7,440,029
Capital	\$1,689,786	\$1,787,442	\$1,347,756	\$2,577,370	\$1,870,445
Contingency	\$0	\$0	\$609,952	\$1,135,201	\$1,169,791
TOTAL	\$118,990,469	\$120,717,626	\$131,768,740	\$139,384,708	\$141,765,466

Highest Marks!

Cobb County Water System's Revenue Bonds have achieved the highest combined ratings, nationally for any municipal water system, from the three major national rating agencies.

Moodys' rating: Aaa
Fitch's rating: AAA
S&P's rating: AAA

The triple Triple-A's are the highest ratings that a municipal utility can receive.

SOURCES OF REVENUE

There are two sources of revenue that account for more than 98% of Water System revenue: sewerage service fees and water sales. Historically, the Water System collects more revenue than budgeted expenses. The result is an annual surplus that is reinvested in the two Water System capital projects funds.

Sewerage Service Fees. Cobb County provides sewerage collection and treatment services to its residents, the City of Atlanta, and other counties. Fees collected for these services account for over 55% of the total revenue collected by the Water System.

Water Sales. The other major revenue component to Water System revenue is subject to fluctuation on an annual basis. Water sales vary annually with the severity of the summer seasons. For example, extremely hot and dry summers yield a higher volume of water consumption while normal to mild and wet summers yield a lower amount of water consumption. As a result, the water sales revenue fluctuates accordingly.

DEBT SUMMARY

Between 1986 and 1993, three series of revenue bonds were issued to fund water/sewer line installations, new water mains, new water line replacements and expansion of water reclamation facilities. The expansion of several facilities resulted in lower overall operating expenses for the Water Fund. Advanced technology allows for a reduction in personnel and supplies necessary to run plant operations. In 1996 and 2003, portions of the water and sewer issues were refunded, resulting in lower debt service. Below is a debt service schedule of the interest payments for the Water Fund. The final debt service payment will occur in FY 08.

Water Fund's Revenue Bond Debt Service-Interest Payment Schedule			
FY 05	\$3,017,852	FY 07	\$1,444,603
FY 06	\$2,243,463	FY 08	\$627,708

In April of 2004, the national rating agencies of Moodys, Fitch, and Standard & Poor all renewed the triple Triple-A bond rating for Cobb County's outstanding Water Revenue Bonds.

BUDGET BASIS

The accrual basis of accounting is used to prepare budgets for proprietary and fiduciary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenses at fiscal year end.

GRANT & CAPITAL BUDGETS

The combined FY 05/06 biennial grant and capital budgets total in excess of \$120 million. The FY 05 grant and capital budgets are approximately \$60 million less than the FY 04 adopted budget, primarily due to the water capital funds. For those funds with FY 05/06 appropriations, more details are found on subsequent pages.

<u>Grant Funds</u>	<u>FY 03 Adopted</u>	<u>FY 04 Adopted</u>	<u>FY 05 Adopted</u>	<u>FY 06 Proposed</u>
CDBG & ESG Program	\$4,891,000	\$4,899,976	\$4,164,980	\$4,164,980
HOME Program	\$2,196,636	\$2,191,078	\$1,862,416	\$1,862,416
Supportive Housing Program	\$60,000	\$60,000	\$0	\$0
Local Law Enforcement Block Grant	\$155,034	\$0	\$63,415	\$63,415
Sub-Total	\$7,302,670	\$7,151,054	\$6,090,811	\$6,090,811
<u>Capital Funds</u>	<u>FY 03 Actual</u>	<u>FY 04 Adopted</u>	<u>FY 05 Adopted</u>	<u>FY 06 Proposed</u>
Transit Capital	\$1,940,680	\$4,728	\$0	\$0
Capital Projects	\$22,473,656	\$15,252,950	\$8,037,307	\$10,954,653
Water Renewal, Ext. & Improvement	\$31,681,679	\$50,360,545	\$36,429,891	\$37,864,056
Water System Development	\$103,650,778	\$48,045,000	\$7,974,000	\$10,958,000
1990 Transportation Improvement	\$1,426,044	\$0	\$0	\$0
1994 Transportation Improvement	\$17,406,185	\$0	\$0	\$0
1996 Parks & Recreation Bond	\$27,538	\$0	\$0	\$0
Community Greenspace Trust	\$1,791,981	\$0	\$0	\$0
Sub-Total	\$180,398,541	\$113,663,223	\$52,441,198	\$59,776,709
Total	\$187,701,211	\$120,814,277	\$58,532,009	\$65,867,520

Note: All funds with FY 03 actual expenditures and/or FY 04 Adopted Budgets are listed in the above table. "The Bottom Line" section will not contain fund overview pages for funds that do not have FY 05/06 appropriations. Three of the funds not detailed are the two Transportation Improvement Sales Tax funds, and the Parks Bond fund that are each nearing closure. The Supportive Housing Program has been transferred to an outside agency, and therefore has no FY 05/06 Proposed Budget. In FY 04, the Local Law Enforcement Block Grant (LLEBG) Program had no Adopted Budget because it was funded with mid-year Agenda Items instead.

FUND STRUCTURE

The Community Development Block Grant Program (CDBG) is a Special Revenue Fund established to serve low to moderate income families and individuals. CDBG is funded entirely by federal and state agencies.

ISSUES & TRENDS

The CDBG Program funds various projects for Cobb County, local municipalities and non-profit organizations. Federal funding to support the CDBG Program for FY 05/06 is maintained at the FY 04 federally appropriated levels. Since this is a multi-year fund which allows spending of previous years' budgets in the current fiscal year, actual fiscal year expenditures are expected to exceed the current fiscal year adopted budget.

REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the Community Development Block Grant Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02 Actual	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
Revenue Category					
Intergovernmental	\$4,306,621	\$4,400,441	\$4,899,976	\$4,164,980	\$4,164,980
Miscellaneous	\$34,085	\$144,492	\$0	\$0	\$0
Other Financing	\$0	\$0	\$0	\$0	\$0
TOTAL	\$4,340,706	\$4,544,933	\$4,899,976	\$4,164,980	\$4,164,980
Expenditure Category					
Operating	\$3,496,108	\$3,321,467	\$3,524,976	\$4,164,980	\$4,164,980
Capital	\$950,736	\$1,093,084	\$1,375,000	\$0	\$0
TOTAL	\$4,446,844	\$4,414,551	\$4,899,976	\$4,164,980	\$4,164,980

The amounts shown in the FY 04 columns represent the year-end budget. This is a multi-year fund which allows spending of previous year grant funds within the current year; therefore, the year-end budget provides a more accurate comparison than year-end expenditures.

SOURCES OF REVENUE

The Community Development Block Grant Program receives the majority of its funds from the U.S. Department of Housing and Urban Development (HUD) to support programs serving low and moderate income families and individuals. The miscellaneous revenue indicated in the above table is interest earnings and Program Income, which is loan repayments from the clients of the program. There is no local matching requirement to receive and distribute CDBG funds. The FY 05/06 funding level is projected to remain fairly consistent with past years' funding.

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the CDBG Revenue & Expenditure Summary.

	FY 02 Estimated	FY 03 Estimated	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	\$4,446,844	\$4,544,933	\$5,189,479	\$4,164,980	\$4,164,980
Expenditures	\$4,446,844	\$4,544,933	\$5,189,479	\$4,164,980	\$4,164,980
Ending Balance	\$0	\$0	\$0	\$0	\$0
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$0	\$0	\$0	\$0	\$0

*Actual fund balance information for this fund is not available at this time. Instead, the table assumes that the fund's revenues will equal the actual expenditures. However, a combined summary of the HUD funded grants will follow the Supportive Housing section.

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Home Investment Partnership Act (HOME) Program is a Special Revenue Fund established to serve low to moderate income families and individuals. The HOME Program provides for activities such as housing rehabilitation, first-time home buyers, and rental rehabilitation.

ISSUES & TRENDS

Cobb County is designated as the lead entity for the Georgia Urban County Consortium. All federal funding for the three member Consortium is passed through Cobb County. In FY 01, Cherokee County joined Cobb County and the City of Marietta in Consortium membership. Funding for the FY 05/06 HOME Program is maintained at FY 04 federally appropriated levels. Since this is a multi-year fund which allows spending of prior years' appropriations in the current fiscal year, actual fiscal year expenditures may vary from the fiscal year adopted budget.

REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the HOME Program Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02 Actual	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
Revenue Category					
Intergovernmental	\$2,938,052	\$2,253,432	\$2,191,078	\$1,862,416	\$1,862,416
Miscellaneous	\$476,863	\$289,501	\$0	\$0	\$0
TOTAL	\$3,414,915	\$2,542,933	\$2,191,078	\$1,862,416	\$1,862,416
Expenditure Category					
Operating	\$3,396,063	\$2,518,779	\$2,191,078	\$1,862,416	\$1,862,416
Capital	\$8,983	\$3,088	\$0	\$0	\$0
TOTAL	\$3,405,046	\$2,521,867	\$2,191,078	\$1,862,416	\$1,862,416

The amounts shown in the FY 04 columns represent the year-end budget. This is a multi-year fund which allows spending of previous year grant funds within the current year; therefore, the year-end budget provides a more accurate comparison than year-end expenditures.

SOURCES OF REVENUE

The HOME Program is funded by the U.S. Department of Housing and Urban Development (HUD). The miscellaneous revenue indicated in the above table is Program Income which is repayment of loans to the program from the clients. There is no requirement for local matching funds. In FY 05/06, funding for the HOME Program remains consistent with past years' funding.

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the HOME Program Revenue & Expenditure Summary.

	FY 02 Estimated	FY 03 Estimated	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	\$3,414,915	\$2,542,933	\$3,217,254	\$1,862,416	\$1,862,416
Expenditures	\$3,414,915	\$2,542,933	\$3,217,254	\$1,862,416	\$1,862,416
Ending Balance	\$0	\$0	\$0	\$0	\$0
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$0	\$0	\$0	\$0	\$0

*Actual fund balance information for this fund is not available at this time. Instead, the table assumes that the fund's revenues will equal the actual expenditures. However, a combined summary of the HUD funded grants will follow the Supportive Housing section.

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The HUD funded grants are in a Special Revenue Fund established to serve low to moderate income families and individuals. The combined summary includes CDBG, HOME, and Supportive Housing grant funds.

ISSUES & TRENDS

Funding for the FY 05/06 HUD funded grants is maintained at FY 04 federally appropriated levels. Since this is a multi-year fund which allows spending of prior years' appropriations in the current fiscal year, actual fiscal year expenditures may vary from the fiscal year adopted budget.

REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the combined HUD funded grant programs. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02 Actual	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
Revenue Category					
Intergovernmental	\$7,583,725	\$6,979,446	\$7,151,054	\$6,027,396	\$6,027,396
Miscellaneous	\$550,888	\$467,147	\$0	\$0	\$0
TOTAL	\$8,134,613	\$7,446,593	\$7,151,054	\$6,027,396	\$6,027,396
Expenditure Category					
Operating	\$7,274,194	\$6,202,907	\$5,776,054	\$6,027,396	\$6,027,396
Capital	\$959,719	\$1,096,172	\$1,375,000	\$0	\$0
TOTAL	\$8,233,913	\$7,299,079	\$7,151,054	\$6,027,396	\$6,027,396

The amounts shown in the FY 04 columns represent the year-end budget. This is a multi-year fund which allows spending of previous year grant funds within the current year; therefore, the year-end budget provides a more accurate comparison than year-end expenditures.

SOURCES OF REVENUE

The HUD funded grant programs are funded by the U.S. Department of Housing and Urban Development (HUD). The miscellaneous revenue indicated in the above table is Program Income which is repayment of loans to the program from the clients.

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the HUD funded grant programs Revenue & Expenditure Summary.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$583,492	\$465,054	\$612,569	\$325,116	\$325,116
Revenues	\$8,081,848	\$7,446,593	\$8,127,997	\$6,027,396	\$6,027,396
Expenditures	\$8,200,286	\$7,299,078	\$8,415,450	\$6,027,396	\$6,027,396
Ending Balance	\$465,054	\$612,569	\$325,116	\$325,116	\$325,116
Designated/Reserved	\$465,054	\$612,569	\$325,116	\$325,116	\$325,116
Undesignated	\$0	\$0	\$0	\$0	\$0

*Actual information above is summarized in the same manner as the Cobb County Comprehensive Annual Financial Report (CAFR). The information was not available by program.

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Local Law Enforcement Block Grant Program (LLEBG) is a Special Revenue Fund established to underwrite projects aimed at reducing crime and improving public safety.

ISSUES & TRENDS

The LLEBG Program is federally funded by the Department of Justice, Bureau of Justice Assistance. Currently, five projects are being funded by this grant. Among the service providers are Cobb County Department of Public Safety, Marietta Housing Authority, and Cobb County Juvenile Court, along with others. Federal funding to support the LLEBG Program for FY 05/06 is maintained at the FY 04 federally appropriated levels. Since this is a multi-year fund which allows spending of previous years' budgets in the current fiscal year, actual fiscal year expenditures are expected to exceed the current fiscal year adopted budget.

REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the Local Law Enforcement Block Grant Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02 Actual	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
Revenue Category					
Intergovernmental	\$180,529	\$307,030	\$74,606	\$63,415	\$63,415
Miscellaneous	\$5,549	\$3,288	\$0	\$0	\$0
TOTAL	\$186,078	\$310,318	\$74,606	\$63,415	\$63,415
Expenditure Category					
Operating	\$193,500	\$307,369	\$74,606	\$63,415	\$63,415
TOTAL	\$193,500	\$307,369	\$74,606	\$63,415	\$63,415

The amounts shown in the FY 04 columns represent the year-end budget. This is a multi-year fund which allows spending of previous year grant funds within the current year; therefore, the year-end budget provides a more accurate comparison than year-end expenditures.

SOURCES OF REVENUE

The Local Law Enforcement Block Grant Program receives the majority of its funds from the U.S. Department of Justice (DOJ) to support crime prevention and public safety programs. The miscellaneous revenue indicated in the above table is interest earnings. There is no local matching requirement to receive and distribute LLEBG funds. The FY 05/06 funding level is projected to remain fairly consistent with past years' funding.

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the LLEBG Revenue & Expenditure Summary.

	FY 02 Estimated	FY 03 Estimated	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	\$193,500	\$310,318	\$68,408	\$63,415	\$63,415
Expenditures	\$193,500	\$310,318	\$68,408	\$63,415	\$63,415
Ending Balance	\$0	\$0	\$0	\$0	\$0
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$0	\$0	\$0	\$0	\$0

*Actual fund balance information for this fund is not available at this time. Instead, the table estimates that the fund's revenues will equal the actual expenditures.

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Supportive Housing Grant Program is a Special Revenue Fund established to serve low to moderate income families and individuals. Referred to as a Super NOFA (Notice of Funding Availability) Grant, this program provides transitional housing and related supportive services to help families and individuals make the transition from homelessness to self-sufficiency and permanent housing.

ISSUES & TRENDS

FY 99 was the first year Cobb County applied for and received funding under this program. Funding is subject to a national competitive grant process. Through the efforts of the Cobb County Human Services Coalition, various service providers in Cobb County have integrated their programs to avoid duplication of services and to maximize benefits to the recipients. Grant funds are awarded for a two year time period and are passed through Cobb County to the various participating agencies. There is no anticipated funding for FY 05/06. However, since this is a multi-year fund which allows spending of prior years' appropriations in the current fiscal year, actual expenditures may vary from the adopted budget.

REVENUE & EXPENDITURE SUMMARY

The following table is a presentation of revenues and expenditures by category for the Super NOFA Program Fund. This information provides a five year comparison of actual, adopted and proposed budgets.

Category Description	FY 02 Actual	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed
Revenue Category					
Intergovernmental	\$339,052	\$325,573	\$60,000	\$0	\$0
Miscellaneous	\$39,940	\$33,154	\$0	\$0	\$0
TOTAL	\$378,992	\$358,727	\$60,000	\$0	\$0
Expenditure Category					
Operating	\$382,023	\$362,661	\$60,000	\$0	\$0
TOTAL	\$382,023	\$362,661	\$60,000	\$0	\$0

The amounts shown in the FY 04 columns represent the year-end budget. This is a multi-year fund which allows spending of previous year grant funds within the current year; therefore, the year-end budget provides a more accurate comparison than year-end expenditures.

SOURCES OF REVENUE

The Super NOFA Program is funded entirely by the U.S. Department of Housing and Urban Development (HUD). The miscellaneous revenue indicated in the above table is interest earnings and Program Income, which is loan repayments from the clients of the program. There is no requirement for local matching funds. In FY 05/06, funding for the Super NOFA Program remains consistent with past years' funding.

FUND BALANCE SUMMARY

The following table is a five year presentation of beginning and ending fund balances. Revenues and expenditures are not separated by category since that information is presented earlier in the Super NOFA Program Revenue & Expenditure Summary.

	FY 02 Estimated	FY 03 Estimated	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$0	\$0	\$0	\$0	\$0
Revenues	\$382,023	\$362,661	\$12,595	\$0	\$0
Expenditures	\$382,023	\$362,661	\$12,595	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Designated/Reserved	\$0	\$0	\$0	\$0	\$0
Undesignated	\$0	\$0	\$0	\$0	\$0

*Actual fund balance information for this fund is not available at this time. Instead, the table assumes that the fund's revenues will equal the actual expenditures. However, a combined summary of the HUD funded grants will follow the Supportive Housing section.

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

The Capital Projects Fund is used to account for financial resources for the acquisition or construction of major capital facilities and improvements (CIP), over multi-year periods. Also included in the fund are most departments' Capital Replacement Schedule (CRS) projects. The CRS is a countywide recapitalization plan that determines when items need replacement. However, most vehicle replacement funding is included in each of the operating funds, and not in this fund. The Capital Projects Fund is funded primarily through interfund transfers from various operating funds for specifically appropriated capital projects. Some of these projects have costs allocated between funds.

ISSUES & TRENDS

In FY 05/06 this fund includes both capital improvement and replacement projects totaling nearly \$19 million. This is less than the FY 03/04 cycle, partially due to large mid-FY 03 appropriations. The \$12 million annual funding for FY 07-09 is projected as a minimal level of funding needed to address the county's infrastructure needs. Within this two year budget, the funding of the largest project groupings are:

- ▶ \$11.7 million for technology upgrades to computer & radio systems
- ▶ \$6.2 million for resurfacing countywide roadways & Southern Tech parking

REVENUE & EXPENDITURE SUMMARY

The following table presents seven years of revenues and expenditures by category for the Capital Projects Fund. More details are found in the 'Capital Ideas' section later.

Category Description	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed	FY 07 Projected	FY 08 Projected	FY 09 Projected
Revenue Category							
Interfund Transfer	\$18,051,629	\$14,952,950	\$8,037,307	\$10,954,653	\$12,000,000	\$12,000,000	\$12,000,000
CID & Other Local	\$1,232,177	\$0	\$0	\$0	\$0	\$0	\$0
State DOT Grant	\$2,097,611	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$31,926	\$0	\$0	\$0	\$0	\$0	\$0
Other Financing	\$3,911,660	\$300,000	\$0	\$0	\$0	\$0	\$0
TOTAL	\$25,325,003	\$15,252,950	\$8,037,307	\$10,954,653	\$12,000,000	\$12,000,000	\$12,000,000
Expenditure Category							
Construct/Renovate	\$10,021,127	\$8,735,407	\$3,659,152	\$3,671,152	\$4,100,000	\$4,100,000	\$4,100,000
Computer HW/SW	\$5,236,593	\$5,994,821	\$4,378,155	\$4,039,654	\$4,100,000	\$4,100,000	\$4,100,000
Equip/Furnishings	\$1,133,265	\$322,722	\$0	\$3,243,847	\$3,600,000	\$3,600,000	\$3,600,000
Veh. & Heavy Equip.	\$18,839	\$200,000	\$0	\$0	\$200,000	\$200,000	\$200,000
Other	\$4,188,687	\$0	\$0	\$0	\$0	\$0	\$0
Interfund-Other Fd	\$1,875,145	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$22,473,656	\$15,252,950	\$8,037,307	\$10,954,653	\$12,000,000	\$12,000,000	\$12,000,000

SOURCES OF REVENUE

The Capital Projects Fund normally does not generate its own operating revenue. In general, revenue is the result of interfund transfers from various county funds. The General, Fire, E911 and Water funds are historically the largest sources of interfunds to the Capital Projects Fund. Often the interfund revenue for a project is realized before the corresponding expenses occur, because multi-year encumbrances need to be matched with revenues.

In FY 03 other sources of revenue were realized, namely almost \$2.1 million in Georgia Department of Transportation (GDOT) funding for some road resurfacing projects and \$1.2 million from the Cumberland Community Improvement District (CID) and other local sources of intergovernmental revenue for roadway improvements and the Geographic Information Systems (GIS) project. The county's annual road resurfacing projects are usually completed with a sizable state participation. Although continued GDOT funding is anticipated in FY 05 and beyond, this source of funding is not budgeted until GDOT funding is officially approved. Included in the 'Other Financing' category in FY 03, is the largest source of revenue at nearly \$3.8 million from the Capital Lease Proceeds.

FUND BALANCE SUMMARY

The following table presents five years of beginning and ending fund balances. The more detailed information on revenues and expenditures by category is found in the Revenue and Expenditure Summary table above and in the 'Capital Ideas' section later in the document.

	FY 02 Actual	FY 03 Actual	FY 04 Estimated	FY 05 Adopted	FY 06 Proposed
Beginning Balance	\$14,317,328	\$10,643,942	\$13,484,755	\$50,498,747	\$50,498,747
Revenues	\$18,199,240	\$25,326,247	\$71,854,991	\$8,037,307	\$10,954,653
Expenditures	\$21,872,626	\$22,485,434	\$34,840,999	\$8,037,307	\$10,954,653
Ending Balance	\$10,643,942	\$13,484,755	\$50,498,747	\$50,498,747	\$50,498,747
Designated/Reserved	\$10,643,942	\$13,484,755	\$50,498,747	\$50,498,747	\$50,498,747
Undesignated	\$0	\$0	\$0	\$0	\$0

BUDGET BASIS

Budgets for governmental fund types are adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible, within the current period or soon enough thereafter, to be used to pay liabilities of the current period.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover outstanding encumbrances or funds committed to specified projects at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenditures for the next fiscal year.

FUND STRUCTURE

Water System funding is currently budgeted in three funds (one operating and three capital); however, for purposes of the Comprehensive Annual Financial Report, this funding is considered a single Enterprise (Proprietary) Fund. The Water Renewal, Extension, and Improvement (RE&I) Fund was established to fund capital renewals, extensions, and improvements of the water system. Projects are funded primarily through retained earnings appropriations from the Water System's operating fund.

ISSUES & TRENDS

The FY 05 budget of \$36.4 million is \$13.7 million less than the FY 04 budget. The decrease is primarily attributable to the Administration category expenses for FY 05. In FY 04, an interfund of \$12.9 million was budgeted to go to the Water SDF Fund to support various projects. This interfund was not needed in FY 05.

REVENUE & EXPENSE SUMMARY

The following table is a presentation of revenues and expenses by category for the Water RE&I Fund. This information provides a seven-year picture of actual, adopted, proposed, and projected budgets.

Category Description	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed	FY 07 Projected	FY 08 Projected	FY 09 Projected
Revenue Category							
Water Meter Install.	\$2,419,140	\$2,858,919	\$2,975,035	\$2,822,090	\$2,768,440	\$2,715,843	\$2,414,276
Other Water Fees	\$807,782	\$367,631	\$352,862	\$356,727	\$349,063	\$341,549	\$334,182
System Devel. Fees	\$2,447,101	\$3,000,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Interest Earnings	\$251,227	\$3,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
State Revenue	\$184,511	\$0	\$0	\$0	\$0	\$0	\$0
Interfund Revenue	\$196,076	\$0	\$0	\$0	\$0	\$0	\$0
Other Financing	\$315,170	\$41,133,995	\$28,601,994	\$30,185,239	\$32,265,343	\$34,320,308	\$44,945,853
TOTAL	\$6,621,007	\$50,360,545	\$36,429,891	\$37,864,056	\$39,882,846	\$41,877,700	\$52,194,311
Expense Category							
Construction	\$16,339,521	\$27,016,400	\$24,342,160	\$23,748,960	\$24,659,440	\$22,995,600	\$31,147,760
Equip/Furnishings	\$3,601,314	\$2,150,000	\$2,550,000	\$2,500,000	\$1,250,000	\$1,250,000	\$1,250,000
Engineering/Design	\$3,168,603	\$7,763,600	\$7,789,840	\$7,543,040	\$8,428,560	\$8,574,400	\$9,779,240
Land Acquisition	\$4,400,882	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Administration & Contingency	\$143,698	\$335,902	\$97,891	\$98,056	\$106,000	\$111,100	\$116,200
Other Expenses	\$3,762,402	\$223,160	\$650,000	\$0	\$0	\$0	\$0
Interfund to SDF	\$265,259	\$12,871,483	\$0	\$2,974,000	\$4,438,846	\$7,946,600	\$8,901,111
TOTAL	\$31,681,679	\$50,360,545	\$36,429,891	\$37,864,056	\$39,882,846	\$41,877,700	\$52,194,311

Note for table above: FY 03 actual revenues appear low because funding for that year's expenses came from a residual equity transfer from the Water System operating fund that appears on the balance sheet and not on the annual income statement (budget reports).

SOURCES OF REVENUE

Almost 80% of the FY 05/06 revenue of the Water RE&I Fund is a residual equity transfer from the Water System operating fund. This residual equity transfer is not reported on annual budget reports, instead it is shown on financial statements of the Balance Sheet. The excess revenue generated by water sales, sewerage collection and treatment fees will be invested in the improvement of the water system infrastructure. All infrastructure replacement is planned and conducted on a proactive basis to avoid problems and prevent failures from occurring.

BUDGET BASIS

The accrual basis of accounting is used to prepare budgets for proprietary and fiduciary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, fund balance is reserved to cover encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenses at fiscal year end.

FUND STRUCTURE

Water System funding is currently budgeted in three funds (one operating and three capital); however, for purposes of the Comprehensive Annual Financial Report, this funding is considered a single Enterprise (Proprietary) Fund. The Water System Development Fund (SDF) was established to fund capital development and expansion of the water system. Projects are funded by system development fees and sometimes by interfund transfers from the Water RE&I Fund.

ISSUES & TRENDS

The large decrease in the FY 05/06 budgets compared to the FY 03/04 period reflect the recent completion of the county's largest-ever single capital project, the Chattahoochee Tunnel. The SDF has funded this project as well as the soon-to-be-complete major expansion and upgrade of the R.L. Sutton WRF, where the Chattahoochee Tunnel's sewerage flows will be processed.

REVENUE & EXPENSE SUMMARY

The following table is a presentation of revenues and expenses by category for the Water SDF. This information provides a seven year picture of actual, adopted, proposed and projected budgets.

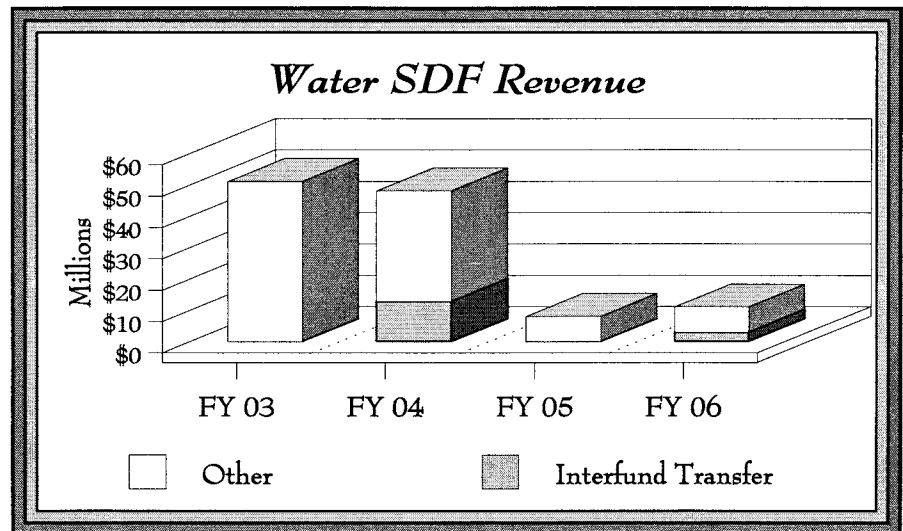
Category Description	FY 03 Actual	FY 04 Adopted	FY 05 Adopted	FY 06 Proposed	FY 07 Projected	FY 08 Projected	FY 09 Projected
Revenue Category							
Local Revenue from Fulton County	\$41,915,174	\$0	\$0	\$0	\$0	\$0	\$0
System Devel. Fees	\$7,422,999	\$8,513,684	\$6,974,000	\$6,984,000	\$6,964,000	\$6,944,000	\$6,924,000
Interest Earnings	\$1,176,959	\$1,980,427	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Interfund-RE&I	\$0	\$12,871,483	\$0	\$2,974,000	\$4,438,846	\$7,946,600	\$8,901,111
Interfund-Other	\$115,200	\$0	\$0	\$0	\$0	\$0	\$0
Other Financing	\$308,999	\$24,679,406	\$0	\$0	\$21,640,154	\$22,153,400	\$27,219,889
TOTAL	\$50,939,331	\$48,045,000	\$7,974,000	\$10,958,000	\$34,043,000	\$38,044,000	\$44,045,000
Expense Category							
Engineering/Design	\$7,336,976	\$5,760,000	\$951,960	\$1,309,920	\$4,080,000	\$4,560,000	\$5,280,000
Construction	\$94,775,789	\$42,240,000	\$6,981,040	\$9,606,080	\$29,920,000	\$33,440,000	\$38,720,000
Land Acquisition	\$225,193	\$0	\$0	\$0	\$0	\$0	\$0
Equipment	\$10,073	\$0	\$0	\$0	\$0	\$0	\$0
Administration	\$38,839	\$45,000	\$41,000	\$42,000	\$43,000	\$44,000	\$45,000
Other Expenses	\$1,125,158	\$0	\$0	\$0	\$0	\$0	\$0
Interfund-RE&I	\$138,750	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$103,650,778	\$48,045,000	\$7,974,000	\$10,958,000	\$34,043,000	\$38,044,000	\$44,045,000

SOURCES OF REVENUE

The Water System Development Fund is funded by four primary sources of revenue: system development fees, interest earnings, interfund transfers, and retained earnings. The system development fees are used to recover a portion of the sewerage collection and treatment facilities costs from developers, the cities within Cobb County, and regional users. In the FY 03/04 period, system development fees as well as Fulton County's contribution to Cobb's projects accounted for almost 60% of total revenues. In FY 05/06, the system development fees proportionately account for almost 74% of total revenues, as the magnitude of the capital projects decreased greatly.

In FY 01 and earlier, system development fee revenue was reported as contributed capital on the balance sheet. In FY 02 and later, because of GASB-34 standards, these revenues are reported on the proprietary fund's operating statement (i.e., budget reports).

The graph below illustrates the annual variation of interfund transfer and other revenue sources needed to support major capital projects in this fund. Also seen is the annual variation in the magnitude of SDF project funding.



BUDGET BASIS

The accrual basis of accounting is used to prepare budgets for proprietary and fiduciary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) reports the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). This conforms to the way the county prepares its budget with one exception. In the CAFR, retained earnings is reserved to cover encumbrances at fiscal year end. For budgetary purposes, however, these encumbrances are treated as budgeted expenses at fiscal year end.